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ABSTRACT

This report addresses current economic conditions in rural America and offers recommendations about the role the United States Department of Agriculture (USDA) can play in providing rural development. The Task Force identifies issues for rural policy in the 1990's focusing on economic development. Current rural programs are described and critiqued, including infrastructure building, services to businesses, financial capital to business, rural education, rural workforce training, information and research. Recommendations include: (1) focusing policy on the nonfarm rural economy; (2) modifying and clarifying the USDA rural mission; (3) strengthening coordination of USDA's rural programs; (4) enhancing USDA's capacity for strategic action through the Office of the Under Secretary for Small Community and Rural Development; and (5) improving the USDA's ability to implement rural programs through development of employee skills and training and informational support to USDA staff. Appendix A provides funding information on USDA's rural development programs. Results from a survey of USDA employees are tabulated in Appendix B. Appendix C lists State Food and Agriculture Councils (FAC) by state, with names and addresses for the FAC Chairperson and the Rural Development Chairperson. A summary of conditions in the changing rural world is given in Appendix D. Appendix E lists task force assignments in completing the report. Finally, conclusions from the work group on USDA management strategies and organizational structures are enumerated in Appendix F. (KS)

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A HARD LOOK AT USDA'S RURAL DEVELOPMENT PROGRAMS

THE REPORT

OF THE

RURAL REVITALIZATION TASK FORCE

TO THE

SECRETARY OF AGRICULTURE

June 30, 1989

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS iii

AGENCY TASK FORCE REPRESENTATIVES iv

EXECUTIVE SUMMARY vii

TASK FORCE ASSIGNMENT 1

ISSUES FOR RURAL POLICY IN THE 1990'S 2
- Why Rural Development? 2
- Rural Development Goals 3
- Emerging Rural Issues 5
- Regional Differences in Needs 5

PROGRAMS AND POLICY ISSUES 7
- Current Rural Programs 7
  - Building Infrastructure 7
  - Services to Businesses 9
  - Financial Capital to Business 9
  - Protecting and Enhancing the Natural Resource Base 10
  - Educating the Rural Young 11
  - Training the Rural Workforce 11
  - Developing Local Leadership and Institutions 12
  - Information and Research 13
  - Sustaining the Incomes of Rural People 13
- Hard Choices for Rural Policy 14

FINDINGS AND RECOMMENDATIONS 15
- Clarify USDA's Commitment to Rural Development 16
  - Farm Policy and USDA's Rural Mission 16
  - A Sharper USDA Rural Mission 18
- Strengthening Coordination of USDA's Rural Programs 20
- Enhance USDA's Capacity for Strategic Action 22
  - Permanent Staff Support for the Under Secretary 22
  - Long-Term Planning 23
  - Developing the Capacity for Follow-Through 24
  - Targeting Programs 24
  - Information for Effective Decisionmaking 25
  - Evaluations of USDA Rural Programs 26
- Improve USDA's Ability to Implement Rural Programs 26
  - Employee Skills and Training 26
  - Informational Support to USDA Staff 27

APPENDIX A: USDA'S RURAL DEVELOPMENT PROGRAMS 29

APPENDIX B: RESULTS FROM SURVEY OF USDA EMPLOYEES 34

APPENDIX C: STATE FOOD AND AGRICULTURE COUNCILS 48

APPENDIX D: CONDITIONS IN THE CHANGING RURAL WORLD 63

APPENDIX E: TASK FORCE ASSIGNMENTS 69

APPENDIX F: CONCLUSIONS FROM THE WORK GROUP ON USDA MANAGEMENT STRATEGIES AND ORGANIZATIONAL STRUCTURES ... 72

EXECUTIVE SUMMARY

During the 1980's, the rural economy had difficulty keeping pace with national economic growth. While temporary problems in key rural industries affected many parts of rural America, the slow pace of rural economic recovery reflects more fundamental problems of being rural--small size, isolation, an unskilled workforce, and a lack of institutional support. Cyclical recovery alone will not solve rural America's problems. Without structural adjustments to enhance its productive potential, the rural economy will continue to lag and many more rural residents will be forced to leave their hometowns.

Rural areas' most critical need is to develop the capacity to be economically competitive in activities that return higher incomes. To achieve this goal requires a strategic approach to rural economic development.

The Revitalization Task Force identified a number of actions, within current budgetary resources and without major organizational restructuring, that would improve the effectiveness of USDA's contribution to a stronger rural economy. These center on focusing USDA's rural mission and developing a strategic approach to rural development. Though individually valuable, USDA's programs can be made mutually supportive and refocused to promote long term economic development, not just program-specific intermediate objectives. USDA should begin by committing itself to rural development as a major Departmental mission. USDA should articulate a clear goal for rural development and base its policy decisions on this goal. It can also take steps to strengthen its capacity for effective and concerted program action.

TASK FORCE ASSIGNMENT

USDA has a long history of providing assistance to the Nation's farmers and rural communities. Many of these programs have been in existence for well over half a century and are now well-established parts of the Nation's rural development resources.

Times have changed. The challenges that confronted rural America in the early 20th Century are giving way to new ones as the Nation advances toward the next Century. Farming and related industries have been the backbone of the rural economy in many areas and will remain critical in the future. But agriculture's need for rural workers is declining. Fewer than ten percent of rural workers now farm, and most of the rest work in industries not closely linked to farming. Currently, most farm families depend heavily on nonfarm jobs for their livelihood. As a result, a vital nonfarm rural economy is as critical for the future health of the farm sector as it is for the rest of the rural economy.

Rural areas retain an important comparative advantage in mining, timber production, and other natural resource industries. But the character of this advantage is also shifting as rural America's natural resource base becomes valued as much for its scenic and recreational value as for its productive potential. In other important rural industries, notably the manufacturing and services sectors, rural areas have been losing out in stiff competition with foreign producers and America's urban areas.

The challenges that confronted America in the early 20th Century are giving way to new ones as the Nation advances toward the next Century.

Changing conditions demand corresponding changes in policy. But the perception is widespread that USDA's programs have not adjusted quickly enough to meet emerging rural needs. That perception is not without basis.

To confront these problems and perceptions head-on, the Secretary of Agriculture established a Department-wide Revitalization Task Force, and charged its members to take a close look at current economic conditions and offer recommendations about the role the Department can play in providing rural development. This report presents the result of that hard look.

The Task Force consulted widely within the Department of Agriculture to identify rural needs and problems, the success of USDA's rural programs and identify obstacles that affect program performance. Because the Task Force's assignment was to assess rural programs, those programs that exclusively address the farm sector and timber production were excluded from consideration.

The Task Force identified seventy-eight rural, nonfarm programs in eight USDA agencies that directly or indirectly affect rural development (see Appendix A). In addition, the Task

Force conducted a thorough review of recent research and information on rural conditions and trends. The Task Force conducted surveys of USDA field and Washington office staff responsible for administering the identified programs. Small "focus" groups of mid-level managers were formed in eight agencies to discuss rural needs and USDA's ability to respond effectively to them. Interviews were conducted with the administrators of USDA's rural agencies. A group of Senior USDA management officials assessed management strategy options for coordinating the Agriculture Department's rural programs. Finally, the major participants in the Task Force's work participated in a feedback meeting to review the issues identified by the Task Force and consider strategy options for addressing them.

ISSUES FOR RURAL POLICY IN THE 1990'S

Why Rural Development?

Choosing to promote rural development implies that it would be beneficial for the Nation to direct additional resources to rural areas. At least four justifications can be cited. There is a major need to enhance the Nation's overall economic competitiveness. Rural areas are characterized by low valued assets--land, capital, and human--that have the potential to make greater contributions to the national economy. In the competition to maintain national living standards in the face of greatly improved world economic performance, a lagging rural economy and an inadequately trained rural workforce impede national economic performance.

A lagging rural economy and an inadequately trained rural workforce impede national economic performance. Inevitably, rural problems are national problems.

Second, the Nation has expressed a commitment to achieve some level of equity in living conditions and economic opportunity among areas. According to many indicators, rural economies are performing much more poorly than urban economies, and living conditions and public services in many rural places fall short of standards that are customary in the Nation's cities.

Third, the Nation as a whole has a special stake in rural resources that can be effectively addressed through Federal action. These resources include prime farm land, congestion-free living spaces, and unique places of scenic beauty that are part of our national heritage. To preserve these assets requires national investment in rural areas.

Finally, because rural people migrate, rural problems do not remain rural. Joblessness in rural areas translates into urban social problems the unemployed flock to the cities in search of jobs that many times do not exist, adding to welfare rolls and problems of urban congestion. Inevitably, rural problems are national problems.

Rural Development Goals

There is no single rural policy for the United States. Throughout the governmental system, rural development programs operate without clearly stated and understood goals. As a result, rural policy at all levels of government consists of a collection of programs that, however useful individually, do not add up to a coherent and consistent strategy to achieve any well-understood goals.

Rural policy at all levels of government consists of a collection of programs that, however useful individually, do not add up to a coherent and consistent strategy to achieve any well-understood goals.

The key concepts that underlie rural development policy rural economic growth, economic development, and quality of life--are poorly understood and are often confused in general use.

Rural economic growth is not the same as economic development, though the two concepts are closely linked. *Growth* refers to the expansion of total economic activity within a local economy, usually defined as an increase in the total amount of income and employment in the economy. Economic growth is often accompanied by population growth. Efforts to promote growth usually focus on direct job creation, giving little consideration of the longer term consequences of the methods used to produce them. Many job creation programs embody subsidies of one sort or another that create growth only during the time they are in operation.

Economic development refers to a fundamental and sustainable increase in the productivity of individuals and institutions, leading to improvements in per capita incomes of local citizens. Subsidies for direct job creation have a very limited role in promoting economic development.

By contrast, *economic development* refers to a fundamental and sustainable increase in the productivity of individuals and institutions, leading to improvements in per capita incomes of local citizens. Subsidies for direct job creation have a very limited role in promoting economic development. Rural policies emphasizing development focus on sustainable improvements in income generating capacity and take a long term perspective.

Many rural programs have *quality of life* improvements as their objective. Investments in facilities and services that are important to the wellbeing of rural citizens, such as health care, are typical. Quality of life improvements can be justified on their own merits to improve the welfare of rural people. However, the causal connection between quality of life investments and economic development is indirect and not well documented.

The causal connection between quality of life investments and economic development is indirect and not well documented.

National economic competitiveness is now considered to be a major objective of Federal policy. Programs to stimulate rural economic *development* contribute to this objective by improving the productive potential of the economic resources in rural areas, including the labor force, industrial plant, natural resource base, and institutions. Programs to temporarily increase the demand for rural labor or subsidize private activities seldom add to economic productivity and thus should be undertaken only to assist the transition of a local area's economy.

A development focus would bring rural policy clearly into line with national economic policy. A major characteristic of the rural economy is the degree to which rural labor and other resources are employed in low-value applications. Developmental investments would attempt to raise national income by shifting these low valued resources into higher value uses.

There are some negatives associated with an economic development-oriented rural policy. Economic development is difficult and takes a long time to achieve. Given the relatively low skills in much of the rural labor force, the frequently inadequate institutional base, and the existing distribution of jobs, which provides little incentive for workers to improve their skills, significant income improvements in many areas will take years and perhaps generations to achieve.

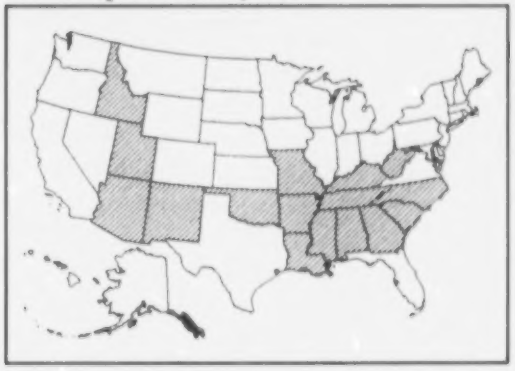
Because resource endowments vary among areas, localities will also vary in the level of incomes that they can realistically achieve. Some areas have a reasonable potential to support much larger populations and much higher average incomes. In others, development may yield less improvement in income. In some cases, development will not be able to prevent further shrinkage in the population base.

An increasingly important part of current discussions about rural policy relates to the aesthetic *value of the rural countryside* and the natural resource base. The national perception of rural resources is giving increasing weight to the scenic and recreational functions of rural areas. The rural countryside is seen as part of a national heritage to be protected and made available to all.

Emerging Rural Issues

The economic problems experienced by rural areas in the 1980's highlight the fact that rural problems result from fundamental, rather than temporary conditions (see Appendix D). Their solutions as a result, must be long term. Productivity growth in the traditional rural industrial base, centered on natural resource-oriented industries, make it increasingly unable to employ the rural workforce, leading to a surplus of labor in the rural economy. Low wage manufacturing was able to absorb much of this labor during the 1970's but now faces strong competition from lower wage producers overseas. Many rural areas are small and isolated from urban centers of economic activity and the rural workforce and rural institutions are poorly positioned to make the necessary economic adjustments; as a result, the rural economy has lagged. Without significant restructuring, the rural economy is predicted to grow only 75 percent as fast as the urban economy by the year 2000.

States with low per capita income nonmetropolitan areas, 1986



In its widely-circulated report *Rural Economic Development in the 1980's*, the Economic Research Service documented current rural economic problems, including

- **Rural job growth a third as fast as urban growth;**
- **Rural unemployment well above national rates;**
- **Slow population growth and high rates of population outmigration;**
- **A rural poverty rate far above the urban level;**
- **Low educational attainment and higher rates of illiteracy.**

The generally poor economic performance in the 1980's resulted from simultaneous downturns in agriculture, mining and energy, and manufacturing that turned what would normally be localized problems into a rural decline of national proportions.

The rural economy is highly diverse, however, and some areas, especially those benefiting from incoming retirees and recreation-based economic activity, grew rapidly.

The ERS report concluded that because rural industries tend to be regionally concentrated, "targeted State and multi-community development strategies are more appropriate than a uniform national rural development approach."

Regional Differences in Needs

Rural problems differ widely from one region to another. These variations reflect sometimes profound regional and local differences in economic conditions and local ability to address problems.

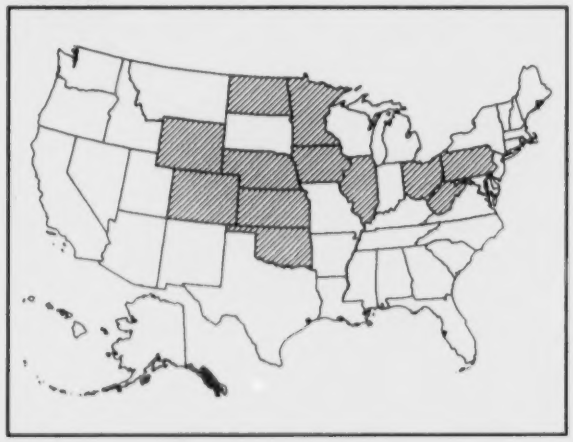
In the South, the predominant economic issue is how to improve income levels for rural people. Public services are inadequate in many areas, often resulting from low levels of income that make it difficult for the region's residents to afford services considered standard elsewhere. While every region has its share of poverty and low income, these problems

In the South the predominant economic issue is how to improve income levels for rural people. . . . The need for better jobs outweighs the need for more jobs.

are highly concentrated in the South. In the South, the principal need is for economic development that offers higher income employment in occupations with better career potential than exist in the low-wage, low-skill industries long predominant in the region. The need for better jobs outweighs the need for more jobs.

Population loss is the main theme in the Midwest. Major productivity gains in important resource-based industries increased unemployment and led to population losses. The Midwest's rural incomes, above the national average for rural areas, are of less concern than the number of jobs, though in some areas the migration of the urban poor into rural areas is growing in importance. The high cost of providing services in sparsely populated areas makes it difficult to support those services at affordable costs. The Midwest faces the continuing challenge of finding ways to diversify its economy, expand job opportunities in other industries, and maintain community viability despite continued outmigration.

States with nonmetropolitan areas losing population, 1982-1987



The Midwest faces the challenge to diversify its economy and maintain community viability despite continued outmigration.

Certain parts of rural America, especially coastal areas and areas with warm climates and other amenities, have grown rapidly in recent years. These areas are faced with the problem of assuring that existing residents, and not just the newcomers, benefit from

economic growth. Population growth also creates pressures on service delivery systems and presents financial problems for local governments adjusting to growth.

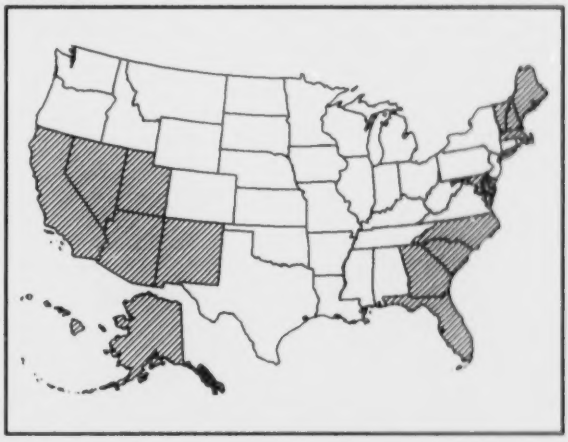
This diversity of rural problems, together with local differences in the aspirations and abilities of individual communities, leads to the inescapable conclusion that rural policy goals, and the strategies to achieve them, must be matched with local conditions. Achieving such a tailored approach to rural economic development will demand flexibility in program administration. Ultimately, this requires that both rural development goals and the choice of development strategies must be set at State and local levels.

PROGRAMS AND POLICY ISSUES

Current Rural Programs

USDA's current response to rural economic development, a task it shares with other Federal departments and with State and local governments, includes a wide range of programs. While USDA's programs seek to provide help to rural communities and rural people, for the most part they do not promote any single strategy for developing rural areas. In some cases also, rural needs have changed faster than programs have adapted to keep pace. As a result, current rural development programs make an uneven contribution to the overall goal of improving the performance of the rural economy.

States with rapidly growing nonmetropolitan areas, 1982-1987



Building Infrastructure

Many Federal programs help to finance the construction of public capital infrastructure to supply essential services to the rural public and provide a strengthened base for industrial development. USDA programs include electric power and telephone service (REA),

Current rural development programs make an uneven contribution to the overall goal of improving the performance of the rural economy.

housing, water, waste disposal, and community facilities (FmHA). Some State Extension Services assist rural communities with planning and service delivery problems. Other Federal departments also support rural infrastructure construction.

USDA RURAL PROGRAMS

BUILDING INFRASTRUCTURE

Farmers Home Administration

- Water and Waste Disposal Loans and Grants
- Community Facility Loans
- Housing Loans and Grants

Rural Electrification Administration

- Electric and Telephone Loan Programs
- Economic Development Sub Account

Cooperative Extension Service

- Technical Assistance and Information Services to Local Government Officials

SERVICES TO BUSINESS

Cooperative Extension Service

- Technical Assistance and Information for Home-Based Business, Family-Owned Enterprises and Small Businesses

FINANCIAL CAPITAL TO BUSINESS

Farmers Home Administration

- Business and Industry Loan Guarantees
- Drought and Disaster Business Loan Guarantees
- Intermediary Relending Program

PROTECTING AND ENHANCING THE NATURAL RESOURCE BASE

Forest Service

- Nursery and Tree Improvements
- Recreation and Wilderness Management
- Conservation Reserve Program, Tree Planting
- State Forest Resource Planning
- Forest Road and Trail Construction and Maintenance

EDUCATING THE RURAL YOUNG

Cooperative Extension Service

- 4-H Youth Programs

TRAINING THE RURAL WORKFORCE

Cooperative Extension Service

- Farm Family Counseling and Adjustment Assistance

DEVELOPING LOCAL LEADERSHIP AND INSTITUTIONS

Cooperative Extension Service

- Assistance and Information Services to Local Governments

Soil and Conservation Service

- Technical and Financial Assistance to Resource Conservation and Development Areas

National Agricultural Library

- Rural Information Center

INFORMATION AND RESEARCH

Economic Research Service

State Cooperative Extension Services

SUSTAINING THE INCOMES OF RURAL PEOPLE

Food and Nutrition Service

- Food Stamps
- Women, Infants and Children Nutrition
- Food Distribution Programs

Many infrastructure programs concentrate heavily on infrastructure such as housing and health facilities that improves rural quality of life. In most cases, the beneficial effects of these programs on rural living standards are evident. Many rural communities still lack certain basic public infrastructure that would make rural living safer and more convenient.

As an economic development strategy, construction of public facilities has uncertain benefits and thus carries much higher risks and lower payoffs than is generally thought to be the case.

The effect of infrastructure investments on economic development is less clear. In some cases, public facilities may add capacity for productive economic activity. In other cases, unneeded facilities were built to attract economic activity that never occurred. As an economic development strategy, construction of public facilities has uncertain benefits and thus carries much higher risks and lower payoffs than is generally thought to be the case.

Services to Businesses

Programs operated by some State Extension Services and SBA-affiliated local organizations strengthen the rural business sector by providing information and technical assistance to small businesses and prospective entrepreneurs concerning business opportunities, business startup, and business management.

Failure rates among new rural businesses are lower than commonly believed, but growth rates are slower than in metro areas. Insufficient information about market opportunities and poor skills in marketing and managing are common problems among smaller, rural businesses. The lack of management skills and market information are often a more serious hindrance to growth than lack of capital.

Insufficient information about market opportunities and poor skills in marketing and managing . . . are often a more serious hindrance to growth than lack of capital.

Financial Capital to Business

Rural development programs place much emphasis on providing business capital. Farmers Home Administration, the Department of Commerce and the Small Business Administration each finance new business starts and plant expansions.

A major justification for these programs is a presumed rural "capital shortage." However, there is no convincing evidence that private lenders unfairly judge potential lending opportunities simply because an applicant is rural. A lack of borrower information about where and how to find financing, and the unfamiliarity of lenders with rural areas, may better explain complaints about credit shortages by rural entrepreneurs.

Lack of seed or venture capital is also cited as an important rural need. Few programs, other than some State-operated programs, now provide this type of capital.

Protecting and Enhancing the Natural Resource Base

Many USDA programs are intended to protect and enhance the productivity of the Nation's soil, forests, and other natural resources. These resources have been important to national economic productivity, and to the rural people who in the past derived their livelihoods from sectors dependent on these resources.

As the number of workers who can be sustained in these natural resource industries declines, the role of natural resource programs requires re-examination. While they remain important to national economic productivity, these industries are increasingly less effective in sustaining the rural workforce and thereby maintaining the rural population. Some USDA resource-oriented programs

The major participants in the work of the Task Force were convened to review and prioritize issues identified in surveys conducted by the Task Force.

The *principal rural problems* were found to be:

- **Poor understanding, both nationally and in rural communities, about the economic changes affecting rural areas;**
- **A lack of effective leadership in rural communities;**
- **A lack of institutions to help market rural products;**
- **The loss of jobs in traditional resource-based rural industries, including agriculture, forestry, and mining;**
- **A lack of venture capital for new rural business enterprises.**

These issues are largely interrelated. Structural changes in the Nation's economy exposed fundamental problems in rural economies that are still not fully understood. However, the need for rural economies to diversify in new industries is increasingly apparent. A clearer understanding about the nature of rural economic change will provide both public and private leaders with the basis on which to act.

Participants also identified issues concerning the *management of USDA rural programs:*

- **The lack of a long-term strategy for rural development;**
- **The lack of a clear USDA mission statement for rural development;**
- **A lack of policy level coordination within USDA;**
- **The public's lack of identification with USDA as a major participant in rural development.**

These management issues are closely interrelated. A clear, concise USDA mission statement on rural development that conveys the basic goal to be achieved will assist agencies in developing long term development strategies and improve the coordination of efforts within USDA. A mission statement and other actions by the Department will also reaffirm USDA's rural development leadership responsibility throughout rural America.

discourage needed economic adjustment rather than promote the economic diversification of resource-dependent rural economies.

Educating the Rural Young

Education is a critical element in achieving rural economic development. Education contributes to economic development in three ways: by raising the foundation of basic skills within the rural labor
force; by helping rural communities understand and adapt to the changing world; and by educational institutions taking a direct part in rural community development efforts.

Education is a critical element in achieving rural economic development. It contributes to economic development by raising workforce skills, helping rural communities understand the changing world, and by educational institutions taking a direct part in rural community development.

Education's contribution to growth and development is complex. Better education is critical to long term development, but may be impossible to achieve without simultaneous improvements in local job opportunities. As a result, education and economic development programs need to be operated hand-in-hand.

For the most part, elementary and secondary education is not a Federal Government responsibility. Nearly all of the Federal programs in this area are operated by the Department of Education.

Training the Rural Workforce

The economic restructuring necessary to make the rural economy more competitive will inevitably displace workers in some industries while creating needs for skilled workers in others. Some Federal programs help rural workers assess their career options, provide training in new occupations, and aid in job transitions. Some State Extension Services provide farm family counseling and adjustment help, and the Labor Department's Job Training Partnership Act (JTPA) program funds displaced worker training and adjustment programs.

Job skills programs for both new and displaced workers are considered an essential part of easing adjustments to economic shifts. The Departments of Education and Labor support State and local programs that provide education and training to rural workers.

Economic restructuring will inevitably put workers out of jobs in some industries while creating needs for skilled workers in others. Programs to help rural workers assess their career options, provide training in new occupations, and aid in job transitions are essential.

Developing Local Leadership and Institutions

Some State Extension Services help rural communities identify and develop effective leaders, assess their economic development options, and develop strategies and plans for coordinated community economic development. The Soil Conservation Service's Resource Conservation & Development (RC&D) program supports regional planning efforts. The National Agriculture Library operates the Rural Information Center to provide Federal, State, and local officials with information about rural problems and strategies to address them.

Studies point to a common trait of rural communities that have succeeded at development: a motivated and able leadership. Training potential community leaders and helping communities organize themselves has sometimes been successful in stimulating economic development. But while leadership appears to be a necessary condition, it has not proven to be sufficient; in many communities, attempts to motivate community action have yielded little results.

In *Focus on the Future: Options in Developing a New National Rural Policy*, the Texas Agricultural Extension Service reported the conclusions from four regional rural development policy workshops held in 1988:

- **Current Federal rural development policy is too narrowly limited to physical infrastructure and job creation;**
- **The definition of rural development needs to be broadened to include programs that build the capacity of rural citizens to cope with change;**
- **For the short run, resource commitments should be focused on small targeted private-public investments to promote rural business development;**
- **For the long run, improved education and the elimination of illiteracy are essential to rural development;**
- **Many national programs directly affect rural development, yet these programs are usually designed to fit urban problems and often fail to meet the unique needs of rural areas;**
- **The greatest problem facing Federal rural development policymakers is how to achieve flexibility and coordination across agencies;**
- **Coordination of rural development initiatives at the State and local level, and between the public and private sectors, will improve flexibility in program implementation;**
- **USDA's predominant commitment to farm programs and the range of rural programs administered by other Federal departments led workshop participants to question USDA's ability to "effectively lead and administer" the Federal rural development effort.**

A common trait of rural communities that have succeeded is a motivated and able leadership. But leadership has not always proven to be sufficient, and in many communities attempts to motivate community action have yielded little results.

Information and Research

Effective national policy must rest on data and analysis about rural economic conditions and their implications for government strategies and programs. Economic Research Service and some State Extension Services conduct research, publish statistics, drawing on data from Census, Bureau of Economic Analysis in Commerce Department, Bureau of Labor Statistics in Labor Department.

In general, much less data and research are available for rural areas, making the task of creating effective rural policy more difficult.

Sustaining the Incomes of Rural People

Not all rural areas or rural people will succeed from development. Income support programs, such as the Food Stamps program and Welfare programs operated by the Department of Health and Human Services provide a safety net for those who need it.

Even if funding were available, it is unclear that simply adding to the already rich mix of Federal programs would be helpful in solving rural economic problems. At the present time, one of the most useful steps would be a hard assessment of current programs to bring them into line with a clear rural economic development strategy.

Research points to differences among the rural poor. For some, poverty is a short term condition; for others it is a continuing one. The causes of poverty also differ: in some cases it results from low paying jobs, in others from inability to get or hold any job at any wage. Though income support programs cannot be considered to be development programs, they are an important element of an overall rural policy that sustains rural residents who cannot benefit from economic development.

Hard Choices for Rural Policy

The emergence of the national debt as the predominant constraint on Federal domestic initiatives greatly limits the range of program options open to the Federal Government by restricting the funding available for rural development. But even if funding were available, it is unclear that simply adding to the already rich mix of Federal programs would be helpful in solving rural economic problems. At the present time, one of the most useful steps would be a hard assessment of current programs to bring them into line with a clear rural economic development strategy.

Creating a clearly focused rural policy will require both the Administration and the Congress to make difficult choices on some basic issues. Inevitably, it will require choosing to do some things, and omitting others. Answers must be sought for basic questions:

Creating a clearly focused rural policy will require both the Administration and the Congress to make difficult choices on basic issues.

- **How sharply can programs be targeted?**
- **Should programs target the worst cases?**
- **How can programs be varied to meet differing conditions?**
- **Should programs focus on communities or on people?**
- **How broad should program content be?**
- **What time frame should rural policy adopt?**

How sharply can programs be targeted? Effective use of limited funds requires that program dollars be strategically focused on a narrow range of purposes. It may also require that they be directed only to those areas and recipients judged to be more worthwhile as program targets. But American political tradition has resisted much targeting, and Congress can be expected to push for a broad distribution of benefits. Program success will hinge on the balance policymakers are able to achieve.

Should programs target the worst cases? The poorest areas and individuals are clearly most needy, and on need grounds alone they would be the first choice of targeted programs. But if USDA's programs are to promote development and avoid creating permanent subsidies, they may stand less chance of success than if they were focused on better off recipients who are more likely to develop. Program success will require striking a careful balance between aiding recipients who need the assistance the most and those who can use it most effectively.

How can programs be varied to meet differing conditions? Although rural areas face common difficulties that arise from their small size and remote location, rural problems are far from uniform. Ideally, rural programs should be varied in response to regional differences. But permitting regional variations in program administration contradicts the goal of achieving national standards in program administration. Program success will require finding ways to permit regional flexibility consistent with uniform national standards of program administration.

A policy that omits a long term focus will only succeed by chance.

Should programs focus on communities or on people? Although rural problems are manifest in the performance of individual rural economies, development strategies must take account of the fact that people are mobile. Development initiatives focused on places may create jobs and income that benefit new rather than existing residents. Help for individuals may give them the motive, and the means, to leave rural areas for better opportunities elsewhere. A successful program will have to find an appropriate balance between people vs. place-focused approaches.

How broad should program content be? An "all things to all people" approach to rural development risks spreading development efforts thin. Yet, a narrow strategy may be too limited. Program success will hinge on the ability to strike a proper balance in choosing the proper range of program elements.

Program success depends on balancing the short term issues with sufficient long term effort to reach fundamental goals.

What is the best time frame for rural policy? The level of rural economic development results from a combination of basic conditions that develop over the course of decades or even longer. Achieving economic development may require an equally long period of time to correct basic conditions. A policy that omits a long term focus will only succeed by chance. But in the short run, rural people need to earn a livelihood, and without signs of progress they may lose the will to stick out a lengthy developmental process. Program success depends on balancing the short term gains needed to maintain support for a development strategy with sufficient long term effort to reach fundamental goals.

FINDINGS AND RECOMMENDATIONS

There is now a good opportunity, through bold action, to turn around the approach to rural development in America. For the first time in recent history, a rural development initiative is being attempted at the start of an Administration and there is a greater chance that recommended changes can be institutionalized. This Administration has created a climate in which discussion and initiative are invited, and congressional and public attention are now focused on rural development.

At the same time, important shifts in the critical rural issues have occurred, rendering some traditional solutions less relevant than in the past. While the need for fresh approaches to rural development is widely recognized, no national consensus has yet emerged regarding the best direction to take in promoting rural development.

To provide clear direction for the Department's response to rural issues, the Secretary established the Revitalization Task Force to develop recommendations to improve the effectiveness of USDA responses to rural development issues.

There is now a good opportunity, through bold action, to turn around the approach to rural development in America.

The Task Force's findings and recommendations address four broad themes: clarifying USDA's commitment to rural development; strengthening the coordination of USDA's rural programs; enhancing USDA's capacity for strategic action; and improving USDA's ability to implement its rural programs.

Clarify USDA's Commitment to Rural Development

The Task Force identified two major problems concerning USDA's rural mission. First is its history of being crowded out by farm policy issues. Second is the present lack of clarity and focus.

Farm Policy and USDA's Rural Mission

At its founding in 1862, the Department of Agriculture was properly focused on improving the productivity of the Nation's agricultural industry and thereby improving the wellbeing of the millions of Americans who lived on farms and earned their entire livelihood from the success of their farming endeavors. Since then, conditions have changed dramatically. The enormous success of agricultural development has enabled the Nation to meet its food needs and those of many foreign countries with fewer and fewer workers. For much of this century, the number of farms and farm residents has declined even as farm output has increased. Today, only 2 percent of America's population lives on a farm and fewer than 27 percent of these persons now earn most of their livelihood from farming. In most rural areas, nonfarm industries predominate.

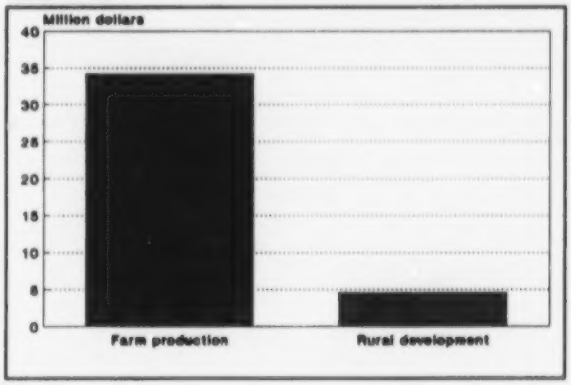
Despite these changes, the Department's attention remains heavily concentrated on the agricultural sector of the rural economy. While USDA's authorizing legislation gives it the lead Federal responsibility for coordinating rural development programs, most of USDA's budget, fifty percent in 1988, is spent on farm programs. As a result, agricultural initiatives

often dominate the attention of USDA management while concerted action on equally worthy rural development objectives is given less attention.

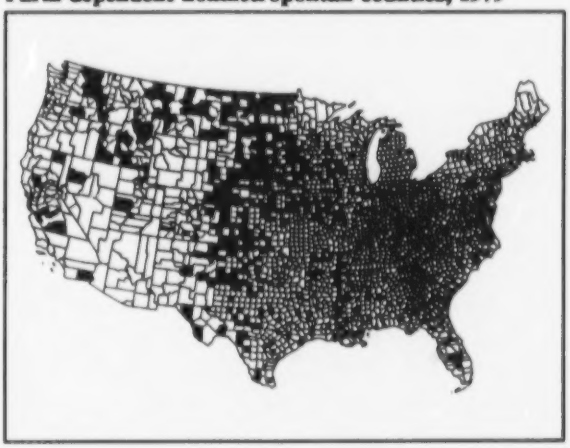
It has often been assumed that the best rural program is a strong farm program. Such an assumption, however, overlooks the declining ability of the farm sector to employ the rural population. Fewer than 9 percent of rural workers are now employed in farming. The most reliable show that no more than 18 percent of rural workers are employed in farm-linked industries. No more than 500 rural counties, one-fifth of the total, are now classified as "farming-dependent."

A rural economic development policy that supports creation of alternative employment opportunities in nonfarm industries has the potential to ease a reduction in the heavy subsidies now flowing to the farm sector.

USDA budget for farm and rural programs, fiscal 1988



Farm-dependent nonmetropolitan counties, 1979



Farming is important to rural areas, and farm programs help sustain the farming industry. But farm programs are poorly suited to stimulate economic growth and development in the rural economy. Geared to improving production efficiencies, farm programs are likely to reduce the need for farm labor. As a result, there is little basis for expecting significant rural employment gains as the result of farm policies. Rather than helping rural areas adapt to changed world economic conditions, farm policies tend to protect the current economic structure. By contrast, a rural economic development policy that supports creation of alternative employment opportunities in nonfarm industries has the potential to ease the heavy subsidies now flowing to the farm sector. In addition, development of the nonfarm rural economy has the potential to greatly benefit the majority of farm families who earn most of their income in off-farm employment.

The short term nature of many farm problems contributes to USDA's and Congressional focus on farm policy issues. Farm problems tend to come in annual cycles corresponding to the growing season. Commodity supply and commodity prices tend to rise and fall in the short term, producing shifts in farm income that drive farm support levels up and down from one year to the next. The need to react to farm problems as they occur forces both the Department and the Congress to take a short term, almost "crisis" perspective on farm policy. In such an environment, establishing a long term perspective on rural development issues is very difficult.

USDA has a broad responsibility to speak for all rural Americans. To better carry out this responsibility, the Department of Agriculture should speak to the full range of rural interests, in addition to concerns of the agricultural sector. To achieve this objective, USDA should develop a means for viewing rural concerns from a long term perspective.

Recommendation:
Affirm USDA Responsibility
for Rural Economic Development

The Secretary of Agriculture should make a public affirmation that rural economic development is a basic USDA responsibility by issuing a mission statement for rural development.

A Sharper USDA Rural Mission

To be effective, any program first requires a clear understanding of the goals it seeks to achieve. In private industry, the need to make a profit is always the overriding goal and the firm's balance sheet gives a clear signal about whether it is succeeding or failing. In government, however, there is no analog to a business balance sheet. Most government programs are invested with multiple goals. It is a complicated business to manage programs under these conditions; when program goals are also unclear, it is even more difficult for managers to make their programs effective.

A limited view of rural needs causes program managers to respond to short term, program-specific objectives rather than a comprehensive, long term rural development strategy.

Neither the Congressional definition of rural development, as stated in the Rural Development Act of 1972, nor the Department of Agriculture's definition, as stated in the 1983 Department regulation, define the ultimate outcome of the development process nor

provide much guidance in developing a strategy for rural development, as contrasted with administering a collection of programs.

A survey of USDA employees shows that they lack a shared vision about how rural development can and should occur. When asked about rural needs, many USDA staff responded in terms of their own agency's programs, rather than identifying more fundamental needs. This limited view of rural needs causes program managers to respond to short term, program-specific objectives rather than a comprehensive, long term rural development strategy.

Programs often take their focus from a Federal agency perspective, and thus are more likely to reflect Federal, rather than State or local, priorities.

The lack of a clear mission statement for rural development often has other detrimental consequences. In the absence of a strategic framework to set out the purposes of interagency cooperation,

USDA rural programs are operated individually with little attention to how they can mutually support local development efforts. Programs often take their focus from a Federal agency perspective, and thus are more likely to reflect Federal, rather than State or local, priorities. The lack of a coherent overall rural policy theme makes it difficult to convince the Congress, the public, and even USDA's own employees to believe that the Department is serious about its rural development responsibilities. Numerous

Current definitions of rural development policy provide program administrators with little guidance on ultimate development policy goals, priority rural needs, and the appropriateness of alternative development strategies.

The Rural Development Act of 1972 defines rural development as

> **the planning, financing, and development of facilities and services in rural areas that contribute to making these areas desirable places in which to live and to make private and business investments; the planning, development, and expansion of business and industry in rural areas to provide increased employment and income; the planning, development, conservation, and the use of land, water, and other natural resources of rural areas to maintain or enhance the quality of the environment for people and business in rural areas; and processes and procedures that have said objectives as their major purposes. [Sec. 507]**

The Department of Agriculture defines rural development as the

> **utilization, protection, and development of natural and human resources which affect the economic vitality, social well-being, or local management capacity of small towns, villages, and the countryside; also included are larger communities whose economic base depends on mining, forestry, agriculture, fishing, or recreation. [Departmental Regulation 9400-1, August 2, 1983]**

Both define rural development in terms of programs rather than the intended outcome of the rural development process. Neither definition provides measurable goals for rural development programs. Neither reflects any attempt to address the fundamental policy questions, such as the relative emphasis to give short vs. long term rural concerns or whether programs should target worst cases or those with better chances of success.

As a result, USDA program administrators are left to determine for themselves the broad context, if any, in which their individual programs are supposed to fit and how, if at all, they should relate to other rural programs.

USDA staff were cynical about the chances that this Task Force effort would result in any more progress than its many predecessors.

Recommendation:
Adopt a Clear Mission Statement

USDA should adopt a clear, concise statement of rural development mission that conveys the fundamental goal to be achieved and that provides the basis for developing clear and consistent development strategies.

Recommendation:
Distribute Report and Publicize Mission Statement

Distribute the Task Force report to each USDA headquarters and field office. Give wide publicity to both the USDA mission statement and the Task Force report. Produce a videotape program that explains the Department's goal of promoting long term rural economic development and how this relates to USDA rural development programs.

EXAMPLE MISSION STATEMENT

Rural economic development is one of USDA's major responsibilities. Economic development of the Nation's rural areas--leading to higher incomes of rural citizens--is the principal goal of the Department's rural programs. Economic development is a long term process to enhance the ability of rural areas to be economically competitive. Economic development produces sustainable improvements in income generating capacity and is an appropriate role for the Federal Government to perform.

To carry out its rural development mission, the Department will create a long range strategy to marshal its resources and maximize the contribution of USDA programs to enhancing the economic performance of rural areas.

Individually, USDA's many programs make important contributions to economic development by developing human, institutional, natural and physical resources in rural areas. Though individually valuable, USDA programs derive their highest value from their contribution to the Department's priority mission to make permanent enhancements in local productive capacity. As a result, USDA's programs are properly seen as means to achieve that end, and not as ends in themselves.

A clear USDA rural development mission statement that would provide ground rules is a necessary first step toward improved coordination.

Strengthening Coordination of USDA's Rural Programs

Both rural agency administrators and USDA Washington and field staff were agreed that a lack of communication and coordination among USDA's rural agencies is a major barrier to achieving consistent rural development objectives. Few thought that overlapping and duplication were an important problem. While some overlapping was acknowledged by

survey respondents, the general belief was that it was not harmful, and might even be functional.

The restructured FACs need to be given a new name that reflects its full range of responsibilities and that avoids the "us-them" division that sometimes exists between farm and nonfarm rural program agencies. Some suggested names are:

Agriculture and Rural Development Committee
Agriculture Coordinating Council
Rural Coordinating Council
State Coordinating Council
USDA Coordinating Council

The coordination problem exists at both the Washington and field office levels. Opinions were mixed as to whether the problem was more likely to be resolved at one level versus the other, but few disagreed that action at both levels is required. Respondents were clear that a clear USDA rural development mission statement, which would provide the ground rules according to which coordination and cooperation could take place, is a necessary first step toward improved coordination. But additional administrative mechanisms to bring agencies together to share information and undertake joint assignments is also needed. At both the Washington and State levels, administrative changes are needed to create effective coordination structures.

"There is no effective mechanism within USDA to coordinate rural development programs. Such an intra-departmental mechanism needs to be re-established to encourage coordination by program managers within the various USDA agencies."

Recommendation:
Establish Policy-Level Coordinating Council on Rural Development

Establish a policy-level Rural Policy Council chaired by the Under Secretary for Small Community and Rural Development and give it a meaningful role in establishing rural policy and coordinating its implementation.

Recommendation:
Strengthen Food and Agriculture Councils

Strengthen the State-level Food and Agriculture Councils and place them under the jurisdiction of the Under Secretary for Small Community and Rural Development. Appoint a consistent chair for the Councils assigned with coordinating USDA activities, including rural development within the States. Rename the Councils to include USDA's rural development mission.

Enhance USDA's Capacity for Strategic Action

USDA has a long and proud tradition of operating programs for the benefit of the rural and farm population. Many USDA programs date from the depression era, when the Farm Security Administration was created to improve the quality of life of farm families. Other programs in the Extension Service and the Forest Service date from the first and second decades of the century. The Department's concern with the problems that led to the creation of these agencies extends back to its creation in 1862.

Reflecting the Department's historic preoccupation with natural resource questions, most of USDA's rural program resources are invested in activities that relate to the natural resource sector of the rural economy. Lesser amounts are made available to help rural communities build needed public facilities such as water and sewer systems and aid businesses with capital financing. Still less is devoted to providing information and technical assistance to rural communities to help them develop effective strategies for long term economic development.

Despite USDA's evident concern for "doing good" throughout rural America, its current program efforts consist of a series of individually valuable programs that, nonetheless, do not add up to a coherent overall program. While many of the programs contribute to rural areas in ways that might support rural economic development, often that impact is limited due to a lack of articulation among related programs that links them with a long term strategy for improving rural economic performance.

Currently, the Department lacks the institutional capacity and procedures that would marshal its programs in support of such a long term, strategic approach to rural economic development. The Task Force identified several steps that can assist the Department improve its capacity to undertake strategic action.

Permanent Staff Support for the Under Secretary

The history of rural development policy in the United States is filled with commissions and task forces that have issued recommendations about how to resolve rural economic and social problems. The long term nature of rural economic development means that realizing major improvements will more likely take years, even decades to achieve. The persistence of rural problems is matched by the difficulty of sustaining a consistent strategy for a sufficient number of years to have an impact on them.

The Department of Agriculture needs the institutional capacity to support a consistent approach to rural development issues over a period of years if it hopes to make a lasting effect on the performance of the rural economy. Presently, however, the Office of the Under Secretary for Small Community and Rural Development, in which the responsibility for setting and coordinating rural development policy is vested, lacks a permanent staff to provide an institutional memory to the office and apply expertise to rural development problems. A career staff that provides an institutional memory extending across prior administrations and serving as a reservoir of information about the effectiveness of

alternative development strategies would help the Under Secretary develop and maintain a strategic approach in the implementation of USDA's rural development programs.

Recommendation:
Create a Permanent Staff

Create a career SES Assistant to the Under Secretary for Small Community and Rural Development and a small staff to provide a long term focus to rural development policymaking within the Office of the Under Secretary. The staff would advise the Under Secretary on rural development issues and previous rural development efforts, work with the State Rural Development Councils (presently the FACs), and coordinate rural development activities with other Federal Departments, State and local governments and other interested organizations, including rural development public interest groups.

Long-Term Planning

Despite the overriding need for USDA programs to focus on long term strategic objectives in rural development, many USDA agencies do not conduct systematic long term planning. To a large extent, this occurs because there has been no guidance from the Department to indicate the priority that should attach to long term planning. Furthermore, those agencies that develop long range plans limit their attention to narrowly defined program objectives and are not guided by Departmentally-consistent long range rural development goals.

To be forward-looking in its approach to rural development, USDA needs to implement a long range planning process involving all its rural agencies. That process should be guided by common, Departmentally-determined goals that reflect the Department's basic rural development mission. Adopting a clear USDA rural development mission statement is an important first step. But it needs to be followed up with a commitment to regular long range planning exercises that link agency objectives with overall Departmental rural development goals.

Recommendation:
Develop Long Range Planning Process

The Secretary should establish a Department-level long range planning process and require that agency-level long range plans be consistent with overall USDA rural development goals. This effort should be coordinated by the Rural Policy Council.

Recommendation:
Provide Leadership to State Rural Development Efforts

Require the State FACs (as renamed), in cooperation with relevant State and local agencies and other Federal agencies, to develop plans for USDA rural program delivery that are coordinated with existing State government rural economic development plans. Require USDA rural agencies, within existing statutory requirements, to implement their programs in cooperation with these State plans and in a manner that support the efforts of local governments, economic development councils, and other local institutions concerned with rural development to improve their program planning and management capabilities.

Developing the Capacity for Follow-Through

No strategy, no matter how intelligent or far-sighted, will succeed without effective implementation. To match its efforts to develop a long range, strategic approach to rural economic development, the Department will need to assure that its policy and program decisions are consistent with long term strategic goals. Regular decisionmaking procedures, especially for budgeting, should be modified to assure that policy and program choices give adequate consideration to long term rural economic development concerns.

Recommendation:
Link Policy Decisions with USDA Mission

Make policy and program decisions on the basis of the Department's mission statement. Require agencies, when submitting budget proposals, to specify how their programs contribute to a strategy of achieving long term economic development in rural areas. Budget reviews should take into account the extent to which agency programs support the Department's stated mission.

Targeting Programs

Few USDA programs show much evidence of targeting that would direct the programs to certain geographic areas or categories of program recipients on a strategic basis. Targeted programs would concentrate program dollars on participants or areas that had a high degree of need for them, or that stand a good chance of using them effectively.

Instead, USDA's programs, as enacted by the Congress, incorporate an implicit philosophy of "doing good" everywhere they can. Lacking a clear goal on which to base program decisions, and perhaps legislative flexibility as well, USDA program managers often look only at the financial capability of the borrower, rather than at whether the proposed investment will make a strategically sound contribution to long term rural economic development. In addition, spreading program funds broadly dilutes the potential effectiveness of limited USDA rural development dollars.

One reason for the relative lack of program targeting is the fact that the Department has, for the most part, been silent concerning the criteria that ought to guide the use of funds. To be effective, USDA targeting should be coordinated among USDA agencies. Direction from the Secretary will help achieve consistency of approach within the Department. In addition, a strong Departmental targeting policy can help minimize exceptions to the Department's policy decisions.

Recommendation:
Study Program Targeting Criteria and
Implement USDA Targeting Goals

Study alternatives for targeting and coordinating USDA rural development programs, and develop indicators for allocating rural development funds and projects among States and counties. Issue a Secretary's Memorandum defining the targeting goals to be achieved by the Department.

Information for Effective Decisionmaking

Effective decisions require good information about changing conditions and the effectiveness of programs in addressing them. In the area of farm policymaking, USDA is able to draw on numerous statistical indicators that reveal the performance of various aspects of the farm economy. By contrast, relatively little similar information is available about the nonfarm rural economy. Furthermore, knowledge about the effectiveness of economic development programs under varying circumstances is spotty at best, and nonexistent in many cases. It is difficult to expect policies to be effective if they are made in an information vacuum.

Recommendation:
Develop Indicators for Achieving Goals

Develop statistical indicators to measure the Nation's progress in achieving rural economic development, and conduct periodic analyses to measure progress in meeting national rural economic development goals.

Recommendation:
Study Successful Economic Development Strategies

Study the success of alternative economic development strategies in promoting long term rural economic development. Develop guidelines concerning the conditions under which each strategy is most appropriate and effective. Disseminate information about the effectiveness of each rural economic development strategy to USDA rural staff and to the public.

Evaluations of USDA Rural Programs

USDA's rural programs are rarely evaluated by program managers. Even less often are groups of programs assessed for their overall impacts on Departmental rural development goals and their effectiveness of administration. A serious need exists for more regular program evaluations. No evaluation unit exists to provide program or policy evaluations to the Under Secretary for Small Community and Rural Development or to the Secretary.

Recommendation:
Evaluate USDA Rural Programs

Direct the Rural Policy Council to evaluate the effectiveness of USDA's rural programs in meeting the Department's overall rural development mission.

Improve USDA's Ability to Implement Rural Programs

Employee Skills and Training

In several USDA rural agencies, staff lack the proper training and background to properly administer rural development programs. Reflecting the fact that many USDA agencies began with the purpose of serving the Nation's farm sector, employees were often required to have degrees in agricultural sciences. But while the Department's mission has shifted to include greater emphasis on a broader range of rural concerns, its personnel structure has failed to make the shift. As a result, agencies that seek to implement programs for housing, business credit, rural development planning and technical assistance are staffed with personnel that know best the problems of agriculture and that may have neither training nor interest in treating non-farm development issues.

As a part of a broader review of the Department's capability to deliver rural development programs, USDA should assess its need for more appropriate jobs skills in its rural agencies. In addition, the Department should develop appropriate staff training in rural development strategies and techniques.

Recommendation:
Review USDA Job Requirements
and Improve Rural Development Training

Direct the Rural Policy Council to review current job skill requirements and develop recommendations concerning the educational background and training needs of USDA rural development program personnel. Develop a training program for USDA rural development staff to explain USDA's rural economic development goals and compare the effectiveness of alternative rural economic development strategies and programs.

Informational Support to USDA Staff

Because rural development efforts within USDA are fragmented and dispersed throughout USDA agencies, it is sometimes unclear where information about rural programs goes, and how it is used on a Department-wide basis. USDA lacks a direct mechanism to communicate about rural development issues and activities which limits the effectiveness of program implementation.

Even more fundamental is the relative imbalance between farm and rural policy in informational resources and research capacity. USDA's research agenda is overwhelmingly dominated by the "hard sciences" whose focus is on developing practical improvements in farm and forest production. Far less attention is given to social science issues. Although USDA's basic research programs are responsible for enormous productivity gains in agriculture, there is now a major need to better understand how rural workers can make better living in alternative industries as fewer and fewer can be employed in resource industries. USDA needs to be willing to make the same commitment to data collection on the rural nonfarm economy it has made to measuring conditions and trends in the farm sector. Other institutions outside USDA, including Land Grant universities and other Federal agencies, should help fill the gap in social science research and data collection on rural development issues. There is an opportunity for the Department to exercise leadership to encourage changes in this direction.

Recommendation:
Produce Rural Development Newsletter
and Improve the Circulation of
USDA Research Information

Produce a regular newsletter and give it wide distribution. Give wider circulation to existing information, such as *Rural Development Perspectives*, that would better inform USDA staff about rural development issues and strategies.

Recommendation:
Strengthen the Rural Information Center and
Encourage Its Use as a USDA Resource

Provide additional resources to the Rural Information Center to expand the number of information requests it can handle and the depth of service it can provide. Provide wide publicity to USDA staff about the availability of the Rural Information Center and how it can best them help them. Require the Rural Information Center to periodically summarize its information requests for the Rural Policy Council to assist in identifying emerging rural issues.

Recommendation:
Produce Orientation Programs for
USDA's Rural Development Mission

Produce instructional materials and programs to orient and inform USDA staff concerning rural problems and strategies for addressing them. Make the results of rural development research available in easily usable form to USDA rural staff, other Federal agency staff, and the general public through publications and videotape programs. Develop an orientation program for new USDA employees that includes information about USDA's rural agencies and program responsibilities.

Recommendation:
Encourage Stronger Land Grant University
Role in Rural Economic Development

The Secretary should encourage the Land Grant universities to increase their research and extension commitment to rural economic development issues, including rural community leadership.

APPENDIX A

USDA'S RURAL DEVELOPMENT PROGRAMS

PROGRAMS		FY 1989 FUNDING LEVEL ($ in Thousands)
AGRICULTURAL COOPERATIVE SERVICE		
Assistance to Developing Cooperatives	$	698
Total		698
NATIONAL AGRICULTURAL LIBRARY		225
Total		225
EXTENSION SERVICE		
Home-Based Business Family-Owned Businesses, Non Farm Enterprises or Small Business		State Funded Program
Global Competition		125
Rural Information Center		750 1/
Agricultural and Rural Leadership Programs		10
Revitalizing Rural America Initiative		259
Risk Management Education for Local Government Officials		462 2/
Training Material for Local Government Officials Relative Hazardous Waste Management Requirements		15 3/
Rural Technology Centers		50
Local Government Education		70
Training Material for Local Government Officials Relative to Leaking Underground Storage Tank		15

Rural Development Centers	950 4/
Rural Crisis Recovery Act of 1987	3,350
Rural Economic Development	110
Total	4,189 5/

FOOD AND NUTRITION SERVICE

Food Distribution Program on Indian Reservations	57,854
Total	57,854

FOREST SERVICE

Seedlings, Nursery & Tree Improvements	1,795
Conservation Reserve Program, Tree Planting	32,056
Burton-Santini Act, Soil Erosion & Water Pollution	1,400
Emergency Watershed Protection	500
Marketing Initiative	200
BWCA- Forestation of State & County Lands	2,800
Flood Prevention (PL-534)	2,340 6/
Small Watersheds (PL-566)	586 6/
River Basin Studies	852 6/
Senior Community Service Employment	22,700 7/
Youth Conservation Corps	3,000
Job Corps	56,000 7/
Recreation and Wilderness Management	126,000
Soil, Water and Air Management	42,000

Forest Pest Management	49,700
State Forest Resource Planning	850,000
Forestry Incentives Program	12,450
Agricultural Conservation Program	8,200
Forestry Payments to States	355,000
Wildlife and Fish Habitat	65,500
Forest Road Maintenance	80,700
Construction Program (roads, trails and other facilities)	244,000
Forest Trail Maintenance	25,200
Resource Conservation & Development	766
Timber Bridge Initiative	3,350
Wood Utilization Program	600
Economic Diversity Studies	500
Rural Fire Prevention and Control	13,850
Forest Resource Management	5,000
Rural Community Fire Protection	3,000
Total	1,927,567

FARMERS HOME ADMINISTRATION

Water & Waste Disposal Loans	330,380
Water & Waste Disposal Grants	108,300
Community Facility Loans	95,700
Business & Industry Loan Guarantees	95,700
Drought & Disaster Business Loan Guarantees	200,000

Industrial Development Grants	6,500
Intermediary Relending Program	14,000
Watershed and Flood Protection Loans	7,950 8/
Resource Conservation & Development Loans	1,207 8/
Single Family Housing Loans	1,270,000
Rental Housing Loans	555,000
Other Housing Loans	23,000
Housing Support Grant Programs	59,000
Rental Assistance	275,000
Total	3,032,580

RURAL ELECTRIFICATION ADMINISTRATION

Electric Loans, Direct	622,000
Electric Loans, Guaranteed	813,000
Telephone Loans, Direct	239,000
Telephone Loans, Guaranteed	120,000
Rural Telephone Bank	177,000
Rural Economic Development Account	1,500
Total	1,972,500

OFFICE OF TRANSPORTATION

Rural Passenger Transportation	75
Financing Rural Roads & Bridges	75

Timber Bridge	50
Long-Term Rural Transportation Policy	50
Rural Rail Service Assistance	100
High Value Exporter Workshops	50
Total	400

SOIL CONSERVATION SERVICE

Technical Assistance	325,167
Great Plains Conservation	20,474
Resource Conservation & Development	25,120
River Basin & Flood Plain Management	12,051
Small Watershed & Planning & Operations	172,373
Total	555,185

1/ $750,000 total funding includes funds provided through States.

2/ Private funding.

3/ Funding provided by Environmental Protection Agency.

4/ Funding provided by Extension Service, Cooperative State Research Service, other Federal and State agencies, private foundations and public interest groups.

5/ Nationally, the Cooperative Extension System contributes about $1.0 billion for all Extension programs; 6% of this figure represents focused rural development programs.

6/ Funding provided by Soil Conservation Service.

7/ Funding provided by Department of Labor.

8/ Funding provided by Soil Conservation Service.

APPENDIX B

RESULTS FROM SURVEY OF USDA EMPLOYEES

Table 1. MOST SERIOUS PROBLEMS AFFECTING ECONOMIC ACTIVITY IN RURAL AREAS

Number and (Percent) of USDA Respondents

Opinions by USDA Agency

Rural Area Problems	FmHA (N=227)		SCS (N=208)		CES (N=96)		FS (N=50)	
Inadequate public transportation	12	(5)	10	(5)	5	(5)	4	(8)
Poor quality roads	14	(6)	22	(11)	9	(9)	10	(20)
Unemployment	90	(40)	71	(34)	25	(26)	24	(48)
Prevalence of low wage jobs	107	(47)	87	(42)	34	(35)	26	(52)
Poor worker skills	42	(18)	24	(12)	11	(12)	6	(12)
Illiteracy	23	(10)	16	(8)	9	(9)	4	(8)
Water quality	33	(14)	53	(26)	7	(7)	2	(4)
Aging population	26	(12)	36	(17)	15	(16)	2	(4)
Lack of community leadership	38	(17)	72	(35)	51	(53)	7	(14)
Citizen apathy	28	(12)	49	(24)	17	(18)	14	(28)
Inadequate health care	15	(7)	8	(4)	9	(9)	2	(4)
Lack of adequate housing	49	(22)	5	(2)	3	(3)	4	(8)
Inadequate education programs	19	(8)	24	(12)	26	(27)	6	(12)
Lack of community services	29	(13)	27	(13)	10	(10)	4	(8)
Inadequate credit sources	35	(15)	20	(10)	9	(9)	7	(14)
Inadequate business expertise	19	(8)	28	(14)	14	(15)	4	(8)

Table 1.-(cont.) MOST SERIOUS PROBLEMS AFFECTING ECONOMIC ACTIVITY IN RURAL AREAS

Number and (Percent) of USDA Respondents

Opinions by USDA Agency

Rural Area Problems	FNS (N=25)		ACS (N=5)		REA (N=7)		OT (N=5)	
Inadequate public transportation	1	(4)	0	(0)	0	(0)	1	(20)
Poor quality roads	1	(4)	0	(0)	0	(0)	3	(60)
Unemployment	21	(84)	1	(20)	4	(57)	2	(40)
Prevalence of low wage jobs	9	(36)	0	(0)	1	(14)	0	(0)
Poor worker skills	9	(36)	2	(40)	2	(29)	0	(0)
Illiteracy	4	(16)	0	(0)	1	(14)	0	(0)
Water quality	0	(0)	0	(0)	0	(0)	0	(0)
Aging population	2	(8)	0	(0)	1	(14)	0	(0)
Lack of community leadership	2	(8)	3	(60)	1	(14)	4	(80)
Citizen apathy	3	(12)	2	(40)	0	(0)	0	(0)
Inadequate health care	4	(16)	0	(0)	1	(14)	0	(0)
Lack of adequate housing	2	(8)	0	(0)	0	(0)	0	(0)
Inadequate education programs	4	(16)	0	(0)	3	(43)	1	(20)
Lack of community services	0	(0)	1	(20)	3	(43)	0	(0)
Inadequate credit sources	0	(0)	1	(20)	1	(14)	1	(20)
Inadequate business expertise	3	(12)	5	(100)	3	(43)	1	(20)

Table 1.-(cont.)

MOST SERIOUS PROBLEMS AFFECTING ECONOMIC ACTIVITY IN RURAL AREAS

Number and (Percent) of FmHA Respondents

Opinions by Organizational Level

Rural Area Problems	National Office (N=9)	State Office (N=30)	District Office (N=100)	County Office (N=88)
Inadequate public transportation	0 (0)	2 (7)	6 (6)	4 (4)
Poor quality roads	0 (0)	2 (7)	9 (9)	3 (3)
Unemployment	6 (67)	7 (23)	42 (42)	35 (40)
Prevalence of low wage jobs	4 (44)	7 (23)	51 (51)	45 (51)
Poor worker skills	1 (11)	6 (20)	16 (16)	19 (22)
Illiteracy	0 (0)	2 (7)	6 (6)	15 (17)
Water quality	1 (11)	5 (17)	21 (21)	6 (7)
Aging population	1 (11)	1 (3)	14 (14)	10 (11)
Lack of community leadership	3 (33)	11 (37)	14 (14)	10 (11)
Citizen apathy	0 (0)	3 (10)	9 (9)	16 (18)
Inadequate health care	2 (22)	2 (7)	8 (8)	3 (3)
Lack of adequate housing	0 (0)	8 (27)	25 (25)	16 (18)
Inadequate education programs	0 (0)	3 (10)	7 (7)	9 (10)
Lack of community services	2 (22)	5 (17)	15 (15)	7 (8)
Inadequate credit sources	6 (67)	5 (17)	15 (15)	9 (10)
Inadequate business expertise	1 (11)	7 (23)	5 (5)	6 (7)

Table 1.-(cont.) MOST SERIOUS PROBLEMS AFFECTING ECONOMIC ACTIVITY IN RURAL AREAS

Number and (Percent) of SCS Respondents

Opinions by Organizational Level

Rural Area Problems	National Office (N=5)		State Office (N=45)		Region Office (N=80)		District Office (N=78)	
Inadequate public transportation	1	(20)	1	(2)	5	(6)	3	(4)
Poor quality roads	0	(0)	4	(9)	8	(10)	10	(13)
Unemployment	4	(80)	13	(29)	23	(29)	31	(40)
Prevalence of low wage jobs	0	(0)	18	(40)	30	(38)	39	(50)
Poor worker skills	0	(0)	4	(9)	8	(10)	12	(15)
Illiteracy	0	(0)	2	(4)	9	(11)	5	(6)
Water quality	0	(0)	11	(24)	19	(24)	23	(30)
Aging population	0	(0)	7	(16)	13	(16)	16	(20)
Lack of community leadership	3	(60)	19	(42)	37	(46)	13	(17)
Citizen apathy	0	(0)	5	(11)	21	(26)	23	(30)
Inadequate health care	1	(20)	3	(7)	2	(2)	2	(3)
Lack of adequate housing	0	(0)	3	(7)	2	(2)	0	(0)
Inadequate education programs	0	(0)	7	(16)	7	(9)	10	(13)
Lack of community services	3	(60)	11	(24)	9	(11)	4	(5)
Inadequate credit sources	1	(20)	3	(7)	9	(11)	7	(9)
Inadequate business expertise	1	(25)	7	(16)	6	(12)	6	(12)

Table 1.-(cont.) MOST SERIOUS PROBLEMS AFFECTING ECONOMIC ACTIVITY IN RURAL AREAS

Rural Area Problems	Number and (Percent) of CES Respondents — Opinions by Organizational Level					
	National Office (N=4)		State Office (N=44)		County Office (N=48)	
Inadequate public transportation	0	(0)	2	(4)	3	(6)
Poor quality roads	1	(25)	2	(4)	6	(12)
Unemployment	0	(0)	10	(23)	15	(31)
Prevalence of low wage jobs	1	(25)	18	(41)	15	(31)
Poor worker skills	1	(25)	3	(7)	7	(15)
Illiteracy	1	(25)	3	(7)	5	(10)
Water quality	1	(25)	5	(11)	1	(2)
Aging population	0	(0)	4	(9)	11	(23)
Lack of community leadership	3	(75)	29	(66)	19	(40)
Citizen apathy	0	(0)	5	(11)	12	(25)
Inadequate health care	0	(0)	5	(11)	4	(8)
Lack of adequate housing	0	(0)	1	(2)	2	(4)
Inadequate education programs	3	(75)	15	(34)	8	(17)
Lack of community services	0	(0)	6	(14)	4	(8)
Inadequate credit sources	0	(0)	3	(7)	6	(12)
Inadequate business expertise	1	(25)	7	(16)	6	(12)

Table 2. MOST URGENT NEEDS IN RURAL AREAS

Number and (Percent) of USDA Respondents

Opinions by USDA Agency

Rural Development Needs	FmHA (N=227)		SCS (N=208)		CES (N=96)		FS (N=50)	
Health services and education	31	(14)	22	(11)	15	(16)	3	(6)
Job retention, new jobs	140	(62)	115	(55)	54	(56)	33	(66)
Job training	48	(21)	31	(15)	9	(9)	7	(14)
Improved public education	37	(16)	33	(16)	19	(20)	11	(22)
Adult education (other than job training)	17	(8)	15	(7)	12	(12)	5	(10)
Improved transportation systems	19	(8)	15	(7)	9	(9)	9	(18)
Improved energy systems	3	(1)	2	(1)	1	(1)	1	(2)
Updated water, sewer systems	75	(33)	45	(22)	12	(12)	8	(16)
Improved communication systems	3	(1)	1	(1)	5	(5)	0	(0)
Affordable, adequate housing	87	(38)	19	(9)	7	(7)	7	(14)
Recreational facilities	6	(3)	16	(8)	2	(2)	4	(8)
Conserving natural resources	30	(13)	108	(52)	15	(16)	16	(32)
Effective community leaders	56	(25)	79	(38)	51	(53)	12	(24)
Participation in community affairs	39	(17)	62	(30)	33	(34)	11	(22)

Table 2.-(cont.)

MOST URGENT NEEDS IN RURAL AREAS

Number and (Percent) of USDA Respondents

Rural Development Needs	Opinions by USDA Agency							
	FNS (N=25)		ACS (N=5)		REA (N=7)		OT (N=5)	
Health services and education	12	(48)	1	(20)	5	(71)	0	(0)
Job retention, new jobs	25	(100)	1	(20)	5	(71)	4	(80)
Job training	11	(44)	1	(20)	1	(14)	1	(20)
Improved public education	8	(32)	2	(40)	3	(43)	0	(0)
Adult education (other than job training)	2	(8)	1	(20)	0	(0)	1	(20)
Improved transportation systems	1	(4)	0	(0)	0	(0)	4	(80)
Improved energy systems	0	(0)	0	(0)	1	(14)	0	(0)
Updated water, sewer systems	0	(0)	1	(20)	1	(14)	0	(0)
Improved communication systems	0	(0)	1	(20)	3	(43)	1	(20)
Affordable, adequate housing	6	(24)	0	(0)	0	(0)	0	(0)
Recreational facilities	0	(0)	0	(0)	0	(0)	0	(0)
Conserving natural resources	1	(4)	0	(0)	0	(0)	0	(0)
Effective community leaders	4	(16)	2	(40)	2	(29)	3	(60)
Participation in community affairs	1	(4)	2	(40)	0	(0)	1	(20)

Table 2.-(cont.)

MOST URGENT NEEDS IN RURAL AREAS

Number and (Percent) of FmHA Respondents

Opinions by Organizational Level

Rural Development Needs	National Office (N=9)	State Office (N=30)	District Office (N=100)	County Office (N=88)
Health services and education	3 (33)	4 (13)	13 (13)	11 (12)
Job retention, new jobs	9 (100)	13 (43)	65 (65)	53 (60)
Job training	2 (22)	4 (13)	11 (11)	31 (35)
Improved public education	1 (11)	5 (17)	15 (15)	16 (18)
Adult education (other than job training)	1 (11)	3 (10)	2 (2)	11 (12)
Improved transportation systems	0 (0)	2 (7)	11 (11)	6 (7)
Improved energy systems	0 (0)	0 (0)	1 (1)	2 (2)
Updated water, sewer systems	3 (33)	11 (37)	41 (41)	20 (23)
Improved communication systems	0 (0)	0 (0)	2 (2)	1 (1)
Affordable, adequate housing	1 (11)	11 (37)	40 (40)	35 (40)
Recreational facilities	0 (0)	1 (3)	4 (4)	1 (1)
Conserving natural resources	0 (0)	1 (3)	11 (11)	18 (20)
Effective community leaders	5 (57)	13 (43)	23 (23)	15 (17)
Participation in community affairs	0 (0)	8 (27)	15 (15)	16 (18)

Table 2.-(cont.)

MOST URGENT NEEDS IN RURAL AREAS

Number and (Percent) of SCS Respondents

Opinions by Organizational Level

Rural Development Needs	National Office (N=5)		State Office (N=45)		Region Office (N=80)		District Office (N=78)	
Health services and education	1	(20)	6	(13)	7	(9)	8	(10)
Job retention, new jobs	4	(80)	23	(51)	42	(52)	46	(59)
Job training	0	(0)	4	(9)	11	(14)	16	(20)
Improved public education	0	(0)	7	(16)	13	(16)	13	(17)
Adult education (other than job training)	0	(0)	4	(9)	5	(6)	6	(8)
Improved transportation systems	1	(20)	1	(2)	7	(9)	6	(8)
Improved energy systems	0	(0)	0	(0)	1	(1)	1	(1)
Updated water, sewer systems	1	(20)	8	(18)	18	(22)	18	(23)
Improved communication systems	0	(0)	0	(0)	1	(1)	0	(0)
Affordable, adequate housing	0	(0)	4	(9)	7	(9)	8	(10)
Recreational facilities	0	(0)	0	(0)	7	(9)	9	(12)
Conserving natural resources	1	(20)	27	(60)	33	(41)	47	(60)
Effective community leaders	4	(80)	22	(49)	35	(44)	18	(23)
Participation in community affairs	0	(0)	12	(27)	33	(41)	17	(22)

Table 2.-(cont.)

MOST URGENT NEEDS IN RURAL AREAS

Number and (Percent) of CES Respondents

Opinions by Organizational Level

Rural Development Needs	National Office (N=4)		State Office (N=44)		County Office (N=48)	
Health services and education	0	(0)	8	(18)	7	(15)
Job retention, new jobs	4	(100)	29	(66)	21	(44)
Job training	0	(0)	3	(7)	6	(12)
Improved public education	1	(25)	8	(18)	10	(21)
Adult education (other than job training)	1	(25)	5	(11)	6	(12)
Improved transportation systems	1	(25)	2	(4)	6	(12)
Improved energy systems	0	(0)	1	(2)	0	(0)
Updated water, sewer systems	1	(25)	5	(11)	6	(12)
Improved communication systems	1	(25)	2	(4)	2	(4)
Affordable, adequate housing	0	(0)	3	(7)	4	(8)
Recreational facilities	0	(0)	0	(0)	2	(4)
Conserving natural resources	0	(0)	5	(11)	10	(21)
Effective community leaders	3	(75)	29	(66)	19	(40)
Participation in community affairs	0	(0)	19	(43)	14	(29)

Table 3. MAJOR CHANGES NEEDED FOR EFFECTIVE OPERATION OF USDA PROGRAMS

Number and (Percent) of USDA Respondents

Opinions by USDA Agency

Needed Changes	FmHA (N=227)		SCS (N=208)		CES (N=96)		FS (N=50)	
Agency policies	33	(14)	26	(12)	11	(12)	1	(2)
Legislation, regulations	47	(21)	23	(11)	10	(10)	5	(10)
Eligibility requirements	28	(12)	24	(12)	1	(1)	1	(2)
Application process	22	(10)	28	(14)	6	(6)	0	(0)
Paperwork for program users	74	(33)	52	(25)	11	(12)	3	(6)
Paperwork for Agency staff	103	(45)	65	(31)	14	(15)	9	(18)
Communication between offices	10	(4)	14	(7)	7	(7)	1	(2)
Field Office responsibilities	23	(10)	9	(4)	11	(12)	1	(2)
Employee training	51	(22)	32	(15)	22	(23)	3	(6)
Program funding	109	(48)	160	(77)	54	(56)	25	(50)
Field Office staffing	64	(28)	89	(43)	42	(44)	14	(28)
Office facilities	14	(6)	20	(10)	16	(17)	12	(24)
Management practices	29	(13)	24	(12)	16	(17)	4	(8)

Table 3. (cont.)

MAJOR CHANGES NEEDED FOR EFFECTIVE OPERATION OF USDA PROGRAMS

Number and (Percent) of USDA Respondents

Opinions by USDA Agency

Needed Changes	FNS (N=25)		ACS (N=5)		REA (N=7)		OT (N=5)	
Agency policies	2	(8)	0	(0)	3	(43)	0	(0)
Legislation, regulations	2	(8)	0	(0)	4	(57)	0	(0)
Eligibility requirements	2	(8)	0	(0)	1	(14)	0	(0)
Application process	1	(4)	0	(0)	2	(29)	0	(0)
Paperwork for program users	3	(12)	0	(0)	1	(14)	0	(0)
Paperwork for Agency staff	4	(16)	0	(0)	1	(14)	0	(0)
Communication between offices	2	(8)	0	(0)	1	(14)	3	(60)
Field Office responsibilities	2	(8)	0	(0)	1	(14)	0	(0)
Employee training	1	(4)	0	(0)	1	(14)	0	(0)
Program funding	3	(12)	2	(40)	2	(29)	0	(0)
Field Office staffing	1	(4)	2	(40)	2	(29)	0	(0)
Office facilities	0	(0)	0	(0)	2	(29)	0	(0)
Management practices	2	(8)	0	(0)	2	(29)	0	(0)

Table 4. ELIGIBLE GROUPS NOT EFFECTIVELY REACHED BY USDA PROGRAMS

	Number and (Percent) of USDA Respondents							
	Opinions by Organizational Level							
	FmHA (N=227)		SCS (N=208)		CES (N=96)		FS (N=50)	
Native Americans	30	(13)	33	(16)	21	(22)	25	(50)
Hispanics	20	(9)	12	(6)	20	(21)	13	(26)
Blacks	17	(8)	17	(8)	20	(21)	23	(46)
Asians	10	(4)	3	(1)	13	(14)	16	(32)
Elderly	40	(18)	44	(21)	21	(22)	8	(16)
Youth	23	(10)	28	(14)	16	(17)	13	(26)
Women	14	(6)	26	(12)	11	(12)	7	(14)

	FNS (N=25)		ACS (N=5)		REA (N=7)		OT (N=5)	
Native Americans	4	(16)	0	(0)	1	(14)	2	(40)
Elderly	1	(4)	0	(0)	0	(0)	0	(0)
Youth	1	(4)	0	(0)	0	(0)	0	(0)
Women	1	(4)	0	(0)	0	(0)	0	(0)

APPENDIX C

STATE FOOD AND AGRICULTURE COUNCILS

The Food and Agriculture Councils were created in 1982 to coordinate USDA State Office operations and to serve as the communication link between the Committees of the Policy and Coordinating Council and the States. The National Food and Agriculture Council is composed of Agencies with operating offices at the State level; Agricultural Stabilization and Conservation Service, Extension Service, Farmers Home Administration, Federal Crop Insurance Corporation, Food and Nutrition Service, Forest Service, Rural Electrification Administration, Soil Conservation Service, and the National Agricultural Statistics Service. The Executive Assistant to the Secretary was the liaison between the FACs, the Policy and Coordinating Council, and the Secretary's office when initially established. The FACs were later moved under the jurisdiction of the Assistant Secretary for Governmental and Public Affairs.

The State Food and Agriculture Councils were given the function of serving as the primary interagency forum through which USDA Agency heads coordinate Departmental objectives with regard to operational and administrative matters, obtain feedback on policy issues, and get input for USDA policies under consideration.

The State FACs are composed of the agencies listed above. The Chairmanship rotates between Agencies and the FAC may form interagency working groups to resolve operational and administrative matters.

In 1983, the National Food and Agriculture Council directive was updated to give emphasis to the rural development function. State FAC's were directed to support the USDA regulations on rural development and the rural development policies developed by each agency and to ensure that coordination exists between USDA agencies in support of the Department's rural development mission.

The directive issued by the National Food and Agriculture Council in 1983 stated that Rural Development was an integral part of the USDA mission and that State FACs should address rural development as a standing FAC agenda item, establish a rural development committee and participate in State rural development committees, and councils when appropriate.

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FAC Chair: John M. Trotman, State Executive Director
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P.O. Box 891
Montgomery, AL 36192

RD Chair: John M. Trotman
Alabama FAC Rural Development Committee

ALASKA

FAC Chair: Roger E. Willis, State Director, FmHA
Palmer Business Plaza
634 South Bailey, Suite 103
Palmer, AK 99645

RD Chair: Roger E. Willis
Alaska Rural Development Council

ARIZONA

FAC Chair: Barry L. Bloyd, State Statistician
Arizona Agriculture Statistics Service
201 E. Indianola, Suite 250
Phoenix, AZ 85012

RD Chair: Clark R. Dierks
Arizona Rural Development Committee

ARKANSAS

FAC Chair: Robert L. Hankins, State Director FmHA
USDA, FmHA
700 W. Capitol, P.O. Box 2778
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RD Chair: Robert L. Hankins
Arkansas State FAC Rural Development Committee

CALIFORNIA

FAC Chair: Richard E. Mallory, State Director FmHA
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RD Chair: Richard E. Mallory, Chair
California Rural Development Committee

COLORADO

FAC Chair: Harry Taylor
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RD Chair: Dennis Lamm
Colorado Food and Agriculture Council

DELAWARE

FAC Chair: Elesa K. Cottrell, State Conservationist
USDA, Soil Conservation Service
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RD Chair: Daniel Kuennen
Rural Enterprise Team

FLORIDA

FAC Chair: Dr. John T. Woeste, Dean for Extension
FL Cooperative Extension Service
University of Florida
1038 McCarty Hall
Gainesville, FL 32611

RD Chair: James Herald
Florida Rural Development Committee

GEORGIA

FAC Chair: Samuel F. Brewer, State Executive Director
USDA, ASCS Georgia State Office
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Athens, GA 30613-4299

RD Chair: Dr. Horace E. Hudson
Georgia Rural Development Committee

HAWAII

FAC Chair: Dr. Elizabeth Lyons
USDA, Animal and Plant Health
Inspection Service, VS
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Honolulu, HI 96850

RD Chair: Ralph Ajifu
Hawaii Rural Development Committee

IDAHO

FAC Chair: Paul Calverlely, State Conservationist
USDA, Soil Conservation Service
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RD Chair: W. C. Norberg, Jr.
Idaho Rural Development Committee

LLINOIS

FAC Chair: John Eckes, State Conservationist
USDA, Soil Conservation Service
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301 N. Randolph Street
Champaign, IL 61820

RD Chair: John Eckes
Illinois FAC Rural Development Committee

INDIANA

FAC Chair: Aubrey T. Mulberry, Jr., Director
USDA, Federal Crop Insurance Corporation
5969 Lakeside Blvd., Suite B
Indianapolis, IN 46278

RD Chair: William Weber
Indiana Rural Development Committee

IOWA

FAC Chair: Robert R. Pim, State Director FmHA
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Des Moines, IA 50309

RD Chair: Dorman Otta
Iowa Rural Development Committee

KANSAS

FAC Chair: Thomas V. Link, Director
Manhattan Field Service Office
Federal Crop Insurance Corporation
2601 Anderson Avenue
Manhattan, KS 66502

No FAC Rural Development Committee

KENTUCKY

FAC Chair: Richard H. Wengert, Forest Supervisor
USDA, Forest Service
Daniel Boone National Forest
100 Vaught Road
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RD Chair: Richard H. Wengert
KY USDA Food and Agricultural Council

RD Chair: Emerson Jones
Kentucky Development Committee

LOUISIANA

FAC Chair: Danny W. Britt, Forest Supervisor
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RD Chair: John C. "MAC" McCarthy
Louisiana Rural Development Committee

MAINE

FAC Chair: Charles Whitmore, State Conservationist
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Bernard Shaw, Co-Chair
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No FAC Rural Development Committee

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RD Chair: James C. Richarson
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MASSACHUSETTS

FAC Chair: Robert G. Light, Associate Director
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RD Chair: Richard Feldman
Massachusetts Rural Development Committee

MICHIGAN

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MINNESOTA

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MISSOURI

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MONTANA

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NEBRASKA

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Cook College
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Rural Advisory Committee

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and
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RD Chair: David T. Chen
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FAC Chair: John J. Gartside, FCIC
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RD Chair: Chris Herr
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FAC Chair: Alfred R. Bettencourt, Jr., State Executive Director
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FAC Chair: Dale Anderson, State Executive Director
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No Rural Development Committee

TENNESSEE

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RD Chair: Dr. John B. Anderson
Tennessee Rural Development Committee

TEXAS

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No Rural Development Committee

UTAH

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UT State ASCS Office
Post Office Box 11547
Salt Lake City, UT 84147-2547

RD Chair: David Rogers
Utah Rural Enterprise Team

VERMONT

FAC Chair: John Titchner, State Conservationist
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RD Chair:

VIRGIN ISLANDS

FAC Chair: Dr. D. S. Padda, Vice President
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USVI 00850

RD Chair:

VIRGINIA

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RD Chair: James F. Johnson
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WASHINGTON

FAC Chair: Lynn Brown, SCS
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RD Chair: Lynn Brown
WA Rural Development Comittee

WEST VIRGINIA

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USDA, Forest Service
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RD Chair: James F. Page
WV Food & Agriculture Committee

Dr. Rachel B. Tompkins, Chair
Mountaineer's for Rural Progress Committee

WISCONSIN

FAC Chair: Dr. Gifford S. Jacobson
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RD Chair: Ayse Somerson
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FAC Chair: Jim DeBree
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RD Chair: Jim DeBree
WY Food & Agriculture Committee
and
WY Rural Development Committee

APPENDIX D

CONDITIONS IN THE CHANGING RURAL WORLD

The Rural Economy in the 1980s

During the early 1970's, many parts of the rural economy flourished. Rural employment grew faster than urban employment, unemployment was generally lower, and more people were moving into the countryside than were moving away. For a time, rural America grew faster than the cities, and it seemed as though the age old pattern of wealthy cities and poorer countryside could be eliminated.

But in the late 1970's, things began to turn down in the rural economy. The process intensified in the 1980's as the 1979-82 recessions, the mid-1980's farm financial situation, and the oil price bust coincided to produce severe dislocations in several sectors important to the rural economy, and in many local areas dependent on them.

The recession hurt the rural economy far more than the urban economy. While job growth slowed in urban areas, rural areas lost jobs. During the recovery period, urban employment has grown nearly twice as fast as rural employment.

- During the 1979-82 recession, metro area job growth slowed to half a percent annually, while nonmetro employment was declining by the same percent. Since 1982, metro areas have grown almost twice as fact as nonmetro areas.

- Nonmetro unemployment was two or more points higher than the metro rate during most of the 1980's, and in 1988 was just under two points higher than the metro area rate.

- Underemployment--the inability of willing workers to find full-time work to match their skills--is an added concern. In 1986, almost three times as many rural workers were underemployed as were unemployed. Over 3.8 million were working full time but earning less than a poverty level income.

- Following a decade of population inflows, most rural counties began to lose residents through outmigration during the 1980's. By 1986, net migration from nonmetro to metro areas reached over half a million persons annually. The rate has now receded to about 400,000 a year, but remains above the annual average for the 1950's.

- During the 1979-82 recession, average real earnings of nonmetro workers fell twice as fast as metro workers' earnings; during the recovery, their earnings have increased more slowly, causing nonmetro per capita family income to fall below three-fourths of the metro area level.

- Between 1979 and 1983, the nonmetro poverty rate grew by nearly a third, and despite recent improvements it remained 25 percent higher than the metro area poverty rate in 1987.

Structural Change in the Rural Economy

It would be misleading to attribute the 1980's economic events simply to cyclical trends and other short-term conditions affecting major rural industries. If that were so, the nonmetro economy would have bounced back to its former levels as more normal conditions were restored in those industries. Instead, the nonmetro recovery has been slow overall, and has occurred unevenly over the face of rural America.

Short-term macroeconomic fundamental, long-term national economic changes exacerbated the conditions of the early 1980's. These include the shift out of goods production into services, labor productivity growth in rural basic industries, the declining relative importance of natural resource industries, and increasing competitive pressures in the global economy. These changes create economic pressure that will not simply go away. Instead, they create challenges that must be faced.

- The role of natural resources in the rural economy is shifting from resources as raw materials to resources as amenities, replacing traditional jobs with new ones in recreation oriented service industries. Sales of raw natural resource products have fallen as a share of total rural output, while the use of rural locations for tourism and retirement have expanded rapidly.

- The rural economy is also shifting from goods to services. From 1979 to 1986, goods production fell from 40 to 35 percent of nonmetro employment, while service production rose from 60 to 65 percent.

- Rural areas are finding it harder to compete on the basis of low wages. Many companies have found Third World locations with even lower wage environments that rural areas are unable to outbid.

- Labor-saving automation introduced by rural manufacturers to stay competitive, has replaced workers in some industries, resulting in further job loss.

- Without major changes in its economic structure, the rural economy is likely to fall even further behind urban America. Given its present industrial makeup, the rural economy is projected to add jobs less than 75 percent as fast as the urban economy between 1984 and 2000.

- The rural economy remains specialized in low-wage, low-skill production industries. Within those industries, rural workers are more likely to have the lower-paying, less secure production-oriented jobs, while better paying managerial and technical jobs are located in urban areas.

- There is little evidence that structural changes in the rural economy are keeping pace with national trends. Innovative industries with the best growth potential are concentrated in urban areas. Since 1975, the ratio of more advanced "complex" industries to routine production industries increased over 25 percent in metro areas, but remained relatively unchanged in nonmetro areas.

- Few of the more innovative high tech firms have moved into rural areas thus far, despite improvements in telecommunications facilities that give rural areas the technical capacity to support increased economic activity in these industries. Those that have settled in rural locations usually offer low-skill assembly jobs, not the more highly paid scientific or technical positions.

- Business services, the fastest growing and best paying part of the service sector, are highly concentrated in major urban centers. Despite communications improvements, rural areas have shown little ability to compete in this industry.

- The concentration of high skill job growth in urban areas reduces the chances that the educated can find suitable work in rural places. Currently, the best-educated young nonmetro workers must give up as much as 35 percent of their earning potential to say in rural areas. This earnings differential is drawing the college-educated out of nonmetro areas more than three times faster than high school graduates.

- Despite evidence that new starts of small, independent businesses are contributing more jobs to the rural economy than ever and that branch plants and subsidiaries of large firms represent a costly and unreliable source of jobs, the possibility of attracting a major branch plant remains irresistible for many rural communities.

Limiting Factors in the Rural Economy

The ability of the rural economy to adapt to industrial restructuring is limited by basic conditions that result from being rural. Despite major investments in communications and transportation facilities, remote rural communities are still at a competitive disadvantage in seeking new economic activity, especially innovative firms. At the same time, especially in the South, low levels of education and training prevent many rural workers from getting jobs in higher wage, high tech activities. Despite the diverse range of activity within the rural economy, individual rural areas usually depend on a limited set of cyclically-sensitive industries, leaving these areas especially vulnerable to major swings in the performance of these industries.

These fundamental barriers contribute to a lack of adaptive capacity and resilience in the rural economy. By both exacerbating the intensity of economic problems and delaying the recovery from them, these conditions undoubtedly led to more intensified short-term

problems in the manufacturing, agriculture, and mining industries during the 1980's. At the same time, they also define some fundamental challenges confronting rural areas as they seek to find new economic roles in the context of a restructuring national economy.

- Small population size and low density settlement patterns are a major constraint on the ability of rural areas to compete economically with large cities. The limited size of local labor markets makes large scale industrial operations difficult and limits opportunities for economic diversification.

- Over 60 percent of nonmetro counties are not adjacent to a metropolitan area and get little benefit from urban growth through commuting or the spillover of economic activity. While improved communications and transportation systems have better linked these communities with urban centers, most of the innovative economic growth in the 1980's has occurred in major cities.

- Poor job skills, poor school systems, and a lack of urban amenities are obstacles to rural areas in attracting the knowledge-intensive industries that are the leading growth sectors in the national economy.

- Nonmetro area residents, on average, have completed fewer years of schooling than metro area residents, and a smaller share have attended or completed college. Educational attainment is especially low in the South.

- School dropout rates are higher in nonmetro areas than in metro areas. Dropout rates are especially high in the South.

- Rural communities lack the institutional expertise that would help them develop appropriate strategies to meet the challenges that confront them. While urban areas are generally well-served by governmental planners, university institutes, and private sector commissions, most rural communities are unable to draw on much expertise.

- Getting the benefits of shared action has been difficult to achieve in rural areas. Despite major Federal initiatives in the 1960's and 1970's, regional planning and development organizations are thinly staffed and still face major difficulties in getting regional cooperation.

- Rural areas' narrow economies and lack of institutions make them highly vulnerable to influence by outside market forces and policy decisions in corporate headquarters and governments. As a result, they find economic stability and independence of action difficult to achieve.

- Few institutions are available to provide coordination and focus to rural development activities; as a result, many activities are uncoordinated and lack focus. The Department of Agriculture is the only national organization to provide an explicit and consistent focus on rural issues.

Public Services in Rural America

The trouble the rural economy has had in generating enough employment for rural workers and sufficient incomes to keep their living standards in line with urban America's makes it hard for rural communities to supply the services rural people want and need. The small size and low density of rural places, as well as their distance from large cities, often makes service provision more costly.

- Many rural local governments are currently experiencing fiscal stress in one form or another. Highly rural farming and mining areas in the Midwest and West have suffered economically and demographically in recent years. In these areas, declining property tax base and rising costs of providing services due to size diseconomies have produced higher tax rates in these ares than in many big cities. Retirement-destination counties and some adjacent to metropolitan areas have had difficulty raising revenues fast enough to meet the public service needs of their growing populations. And many in many parts of the rural South, low incomes produce tax bases to finance services considered standard elsewhere.

- Most rural governments lack the technical expertise to deal with today's complicated governmental problems, ranging from environmental regulation to the municipal bond market. As a result, they often refrain from activities that require such expertise or they rely on costly outside contractors whose interests may differ from that of the public.

- Many rural areas, especially those in sparsely populated areas, continue to lack access to an adequate supply of public facilities. In 1981, for example, only 55 percent of all rural communities were served by a public water system. Fewer than one-third were served by a wastewater treatment plant.

- Nearly one community in four with a wastewater treatment system was operating at greater than designed capacity. Most rural communities lack nearby access within to a hospital with a hemodialysis unit or pediatric department.

- Nonmetro counties received 22 percent less Federal funds per resident than metro counties in 1985.

- The mix of Federal funds going to nonmetro areas minimizes the stimulus to economic development. Over 70 percent of funds going to nonmetro areas were from income transfer programs, which sustain income flows to provide little incentive to enhance an area's productive capacity.

- Direct Federal assistance for local development makes up only about 6 percent of Federal funds in both metro and nonmetro areas. But 86 percent

of national purpose spending which--like higher education, research, and defense spending--is likely to have important developmental spillovers takes place in metro counties.

- Sparsely settled rural areas generally spend more per pupil for elementary and secondary education than more densely settled areas, in part because of higher costs in low population areas. Equalizing unit costs of education among areas implies targeting education assistance more toward low population density areas.

APPENDIX E

TASK FORCE ASSIGNMENTS

Task One -	Identify, catalog, and prioritize the policy issues attendant to rural development related to USDA's mission.	The surveys, focus groups, interviews and the Task Force meetings identified, cataloged and assigned priority to the issues relative to USDA's mission. Recommendations contained throughout the report address those issues. The statements of problems and conditions support the issues and recommendations.
Task Two -	Establish a common basis and a framework to assess the real, not perceived needs. Inventory, categorize and prioritize the needs assessment.	The surveys and the statement of conditions and problems identified needs of rural areas. The recommendations support the priorities assigned to these needs.
Tasks Three- & Four	Inventory and analyze USDA programs, establish criteria to evaluate programs, develop a matrix to study the programs and determine duplication of effort and overlapping programs.	The programs have been inventoried, each Agency submitted a list of programs to be considered. The Task Force developed a matrix, including most of these programs. Survey methods determined there is little duplication and overlap among USDA programs, the survey was also used to determine that most

Tasks Three & Four (cont.)		programs accomplish their objectives, but outside the framework of a rural development perspective. Recommendations charge the Rural Policy and Coordinating Council with developing criteria for program evaluation.
Task Five -	Recommend actions to increase the effectiveness of USDA Rural Development efforts, develop short-term actions to be taken immediately, long-term actions requiring interaction with other Departments and Agencies and items that require legislative or regulatory changes.	The decision was made to concentrate on recommendations needed to effect immediate change. Longer-term recommendations requiring interaction with other Departments deferred to the Economic Policy Council. Recommendation that the Policy Coordinating Council in concert with permanent staff of Under Secretary's office and FACs evaluate items requiring legislative or regulatory changes.
Task Six -	Review current USDA organizational structure and management strategy, make recommendations.	Several of the recommendations respond to elements of this task, i.e., mission statement, policy and coordinating council.

Task Seven -	Develop a set of strategies that provide direction and coordination of rural development activities; present a clear articulation of the Department's objectives, build on existing programs and delivery systems, promote effective use of resources, provide for accountability, provide mechanisms for feedback.	Same as above.
Task Eight -	Develop a 12-month action plan for USDA's rural development activities and initiatives addressing Agency specific objectives, allocation of resources, increase interagency effectiveness, remain cognizant of State, local and private efforts. Coordinating Council, restructure FACs, permanent staff assigned to Under Secretary's office.	Action plan deferred as part of decision to concentrate on short-term recommendations. Long-term action plan is to be addressed by Policy and Coordinating Council, FACs, and Under Secretary staff as part of implementing short-term recommendations.
Task Nine -	Identify existing or potential barriers that inhibit Department's acheiving stated goals.	Surveys, focus groups and interviews identified barriers which are the basis for most recommendations.
Task Ten -	Identify other Federal policies and programs that may become obstacles to USDA's rural development efforts.	Deferred to the Economic Policy Council.

APPENDIX F

CONCLUSIONS FROM THE WORK GROUP ON USDA MANAGEMENT STRATEGIES AND ORGANIZATIONAL STRUCTURES

To help the Revitalization Task Force develop options concerning the organization and management of USDA's rural programs, a Work Group was created, consisting of representatives of key USDA rural agencies. The Work Group held discussions at both the administrator and staff levels and presented its conclusions in a report to the Revitalization Task Force. The findings and recommendations presented in the Revitalization Task Force's report draw heavily on the conclusions of the Work Group. While the Task Force did not see fit to incorporate in its report all of the suggestions of the Work Group, its work is nonetheless commendable. The principal findings of the Work Group are summarized below.

USDA Mission

The Work Group suggested this mission:

> To sustain and advance the quality of life and capabilities of rural people, to sustain and enhance the social and economic vitality of rural communities, to sensitively and prudently use and conserve natural resources, and to enhance the quality of the environment in rural areas.

The Work Group suggested three major goals for USDA, each of which has a number of subordinate objectives:

- To achieve sustainable improvements in the economic well-being of rural people and communities; specific objectives include improving per capita incomes, reducing unemployment, and developing more stable and self-sustaining local economies;

- To improve and sustain the quality of life in rural communities; specific objectives include enabling rural communities to meet their basic needs and improving their ability to reduce losses from natural hazards and disasters;

- To enhance the natural and man-made rural environment, including forestlands, wetlands, parklands, and historical resources, and to increase the wise use of them; objectives include improving the quality of soil, water, and wildlife, and woodland resources, preserving and developing man-made elements of the rural heritage, and maintaining the uniqueness of the rural environment.

Principles to Guide Federal Action

The Work Group recommended that the Department of Agriculture should observe the following general principles in administering its programs:

- Federal programs should aim to help individuals and communities build on their own resources, rather than depend on long term subsidies; developing skilled rural leadership is a critical element of this;
- Multi-county and regional approaches should be encouraged;
- Local communities should be responsible for initiating and leading their own rural development efforts;
- Programs that provide education, advice, and technical help will produce more consistent results than simply transferring money to rural communities;
- National rural development strategies should focus on long range goals of benefit to the Nation and the world;
- Local and regional strategies should bear the principal burden of responding to more immediate priorities of importance to local communities;
- USDA programs should be sensitive to those local priorities and should incorporate flexibility so they can work with those priorities;
- Development strategies must be cognizant with conditions in national and world markets.

Strengths and Weaknesses of USDA Programs

The Work Group found that USDA programs have several important strengths:

- They provide services directly to people and communities through an extensive network of local USDA offices;
- They rely on State and local planning and cooperation for their implementation;
- They have built-in mechanisms for obtaining feedback about conditions in rural America.

The Work Group also noted several weaknesses about USDA programs:

- o They are not as well coordinated at with other levels of government, other Federal agencies, and even within USDA as they might be;
- o They are based on nationally standardized policies that limit their ability to support local innovation;
- o They sometimes support a continuation of existing economic activities when adjustments and diversification would be more appropriate;
- o They are sometimes impeded from redirecting existing resources to better uses difficult.

The Work Group concluded that a clearer delegation of USDA rural development responsibilities, improved coordination in the management of USDA rural programs at the State and local levels, increased emphasis on multicounty and regional approaches, and improved coordination with States and other Federal agencies are needed.

Current USDA Administrative Organization

While mechanisms currently exist to coordinate USDA rural programs, the Work Group concluded that they were not effective. At the national level, the top level management structure is the Secretary's Policy and Coordinating Council, with membership by the Under and Assistant Secretaries in the Department. At a second level below this Council are a series of committees, including a Rural Development Committee, each headed by an Under or Assistant Secretary, with membership by administrators of relevant agencies. While some of the committees have operated effectively, others--including the Rural Development Committee--have barely functioned. The Work Group cited the following reasons for the ineffectiveness of the current arrangement: Under and Assistant Secretaries usually participate only in the committees they chair; the committees rely on part time, low level staff borrowed from agencies; the committees do not regard the committees as having the function of coordinating programs and improving service delivery.

At the State level, USDA created Food and Agriculture Councils (FACs) composed of USDA State offices, with invited representation from State and other Federal agencies. The Work Group concluded that "the general history of the . . . FACs is not very impressive. Many of them have not been very active." Problems with the FACs include their name, which "prolongs the perception that USDA is much more interested in agriculture than in rural development." In addition, because they have been organized under the Assistant Secretary for Governmental and Public Affairs, their primary function has been to support public relations rather than coordinating program activities. In addition, the FACs have ordinarily had rotating chairmanships that resulted in little consistency in their operations over time.

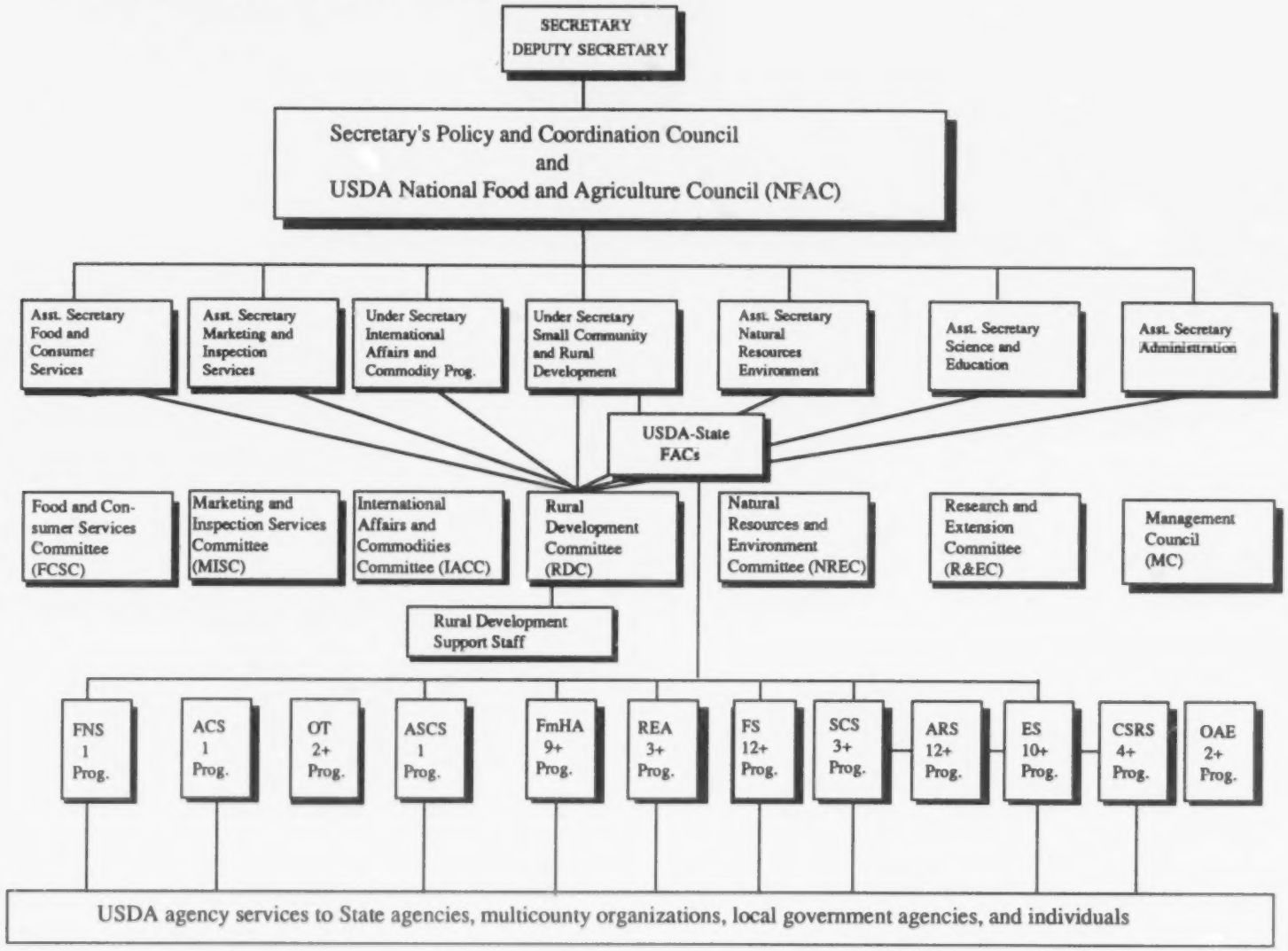
Work Group Recommendations

The Work Group presented a number of specific options for improving the interagency management of USDA's rural programs. These are summarized below:

- Retain the existing National and State structure of committees, but expand the level of activity in the Rural Development Committee;
- Include the Assistant Secretaries for Science and Education, Natural Resources and Environment, Marketing and Inspection, and Food and Consumer Services as members of the Rural Development Committee;
- Create a new rural development council at a higher level than the current Rural Development Committee, chaired by the Deputy Secretary and vice chaired by the Under Secretary for Small Community and Rural Development, with membership including Assistant Secretaries, with their Deputies as alternates;
- Provide full-time support to the Rural Development Committee with a small professional staff that reports directly to the Under Secretary for Small Community and Rural Development;
- Re-establish an Office of Rural Development Policy within the Department;
- Give greater emphasis to rural development priorities by renaming the State FACs as USDA Rural Development Councils and transferring responsibility for them to the Under Secretary for Small Community and Rural Development;
- Transfer responsibility for the FACs to the Under Secretary for Small Community and Rural Development;
- Create State Rural Development Councils under the direction of State Coordinating Councils (now the FACs);
- Give specific, full time professional staff support to the State Rural Development Councils by providing a career State Rural Development Coordinator to serve under the direction of the State Coordinating Council.

The figure that follows illustrates the option for national Departmental organization that most closely resembles the recommendations of the Revitalization Task Force.

Provide a full time staff to support the Rural Development Committee and transfer the FACs to the Under Secretary for Small Community and Rural Development


SECRETARY
DEPUTY SECRETARY
Secretary's Policy and Coordination Council
and
USDA National Food and Agriculture Council (NFAC)
Asst. Secretary Food and Consumer Services
Asst. Secretary Marketing and Inspection Services
Under Secretary International Affairs and Commodity Prog.
Under Secretary Small Community and Rural Development
Asst. Secretary Natural Resources Environment
Asst. Secretary Science and Education
Asst. Secretary Administration
USDA-State FACs
Food and Consumer Services Committee (FCSC)
Marketing and Inspection Services Committee (MISC)
International Affairs and Commodities Committee (IACC)
Rural Development Committee (RDC)
Natural Resources and Environment Committee (NREC)
Research and Extension Committee (R&EC)
Management Council (MC)
Rural Development Support Staff
FNS 1 Prog.
ACS 1 Prog.
OT 2+ Prog.
ASCS 1 Prog.
FmHA 9+ Prog.
REA 3+ Prog.
FS 12+ Prog.
SCS 3+ Prog.
ARS 12+ Prog.
ES 10+ Prog.
CSRS 4+ Prog.
OAE 2+ Prog.
USDA agency services to State agencies, multicounty organizations, local government agencies, and individuals